

Chapter 2

The Greek system of collective bargaining in (the) crisis

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1. The Greek system of collective bargaining before the crisis

The Greek system of labour market regulation has traditionally been characterised by a legal structure that arose from the interventionist role of the Greek state. The basic institutions of the industrial relations system – trade union freedom, the structure and internal organisation of trade unions, collective bargaining and the right to strike – have traditionally been regulated by statute (Yannakourou 2005). Because industrial growth had a delayed start in Greece, labour legislation started taking shape only at the beginning of the twentieth century and accelerated following the Second World War (Koukiadis 2009). The modernisation of the Greek labour market and collective autonomy started in the 1970s with the aim of accommodating conflict-based industrial relations and social movements (Ioannou 2012b: 204). The 1975 Constitution democratised labour relations and extended and enlarged the existing list of fundamental rights and Law 1264/1982² later established a number of trade union freedoms. These developments were followed by changes made mainly through Law 1876/1990, which created the legal conditions for the development and expansion of collective bargaining in Greece based on the clear precedence that it gave to collective agreements *vis-à-vis* legislative intervention.

Law 1876/1990 introduced five types of collective agreement: national general, sectoral, enterprise, national occupational and local occupa-

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1. We are extremely grateful to all our interviewees for the time and effort provided for the conduct of the research.
 2. Law 1264/1982 Government Gazette (FEK) 79A/01.07.1982.

tional, each with different applicability. Sectoral-level and occupational agreements could be extended and rendered compulsorily applicable to all employees.³ The national general collective agreement (EGSSE, Εθνική Γενική Συλλογική Σύμβαση Εργασίας) stipulated the minimum terms of employment for all persons, irrespective of whether they are trade union members or not.⁴ As a result, the national general collective agreement constituted the point of reference for negotiations at lower levels; in this sense, all employers were ‘followers’ of the national agreement (SEV, interview notes). It is estimated that the various collective agreements covered 85 per cent of workers (Kousta 2014). Traditionally, employers and employees could improve the level of protection at the sectoral and occupational levels of collective organisation, depending on specific capabilities and needs. Crucially, the main axis of these different levels of regulatory mechanisms was the principle of ‘implementation of the more favourable provision’.⁵ If bargaining between the parties to conclude a collective agreement failed, interested parties had the right of appeal to the Organisation for Mediation and Arbitration (OMED, Οργανισμός Μεσολάβησης και Διαιτησίας). In the period 1975–1992, the national general collective agreement was the result of collective negotiations in 61.1 per cent of cases and of arbitration decisions in 39.9 per cent of cases. Following the introduction of Law 1876/1990, it was concluded only following negotiations between the two sides of industry and not on the basis of arbitration (OMED 2012).

While a series of legislative reforms were aimed at strengthening collective autonomy, the role of state institutions was also promoted, especially during the 1980s. The participation of institutions such as the

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3. The Minister of Labour and Social Security may extend and declare as binding on all the employees in a sector or profession a collective agreement that is already binding on employers employing 51 per cent of the sector’s or profession’s employees.
 4. The contracting parties, until recently, included the Hellenic Federation of Enterprises (SEV, Σύνδεσμος Επιχειρήσεων και Βιομηχανιών), the Greek General Confederation of Labour (GSEE, Γενική Συνομοσπονδία Εργατών Ελλάδας), the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE, Γενική Συνομοσπονδία Επαγγελματιών Βιοτεχνών Εμπόρων Ελλάδας) and the National Confederation of Hellenic Commerce (ESEE, Ελληνική Συνομοσπονδία Εμπορίου και Επιχειρηματικότητας). Since 2012, the Association of Greek Tourism Enterprises (SETE, Σύνδεσμος Ελληνικών Τουριστικών Επιχειρήσεων) has also been a party to the agreement.
 5. This meant that if different collective agreements were in conflict, the principle of implementing the provisions most favourable to the workers applied (Art. 7, para 2 of Law 1876/1990 (Law 1876/1990 Government Gazette (FEK) 27A/08.03.1990) and Art. 680 of the Civil Code). In parallel, Art. 3(2) of Law 1876/90 placed limits on sectoral, enterprise and occupational collective agreements so that no worse terms and conditions than the national agreement could be introduced.

Office of Employment (OAED, Οργανισμός Απασχολήσεως Εργατικού Δυναμικού) and the Labour Inspectorate (SEPE, Σώμα Επιθεώρησης Εργασίας) was aimed at supporting the development of tripartism. But these efforts were piecemeal and failed to promote the establishment of tripartism as a general principle guiding collective action (Koukiadis 1999). Since the early 1980s, a combination of factors related to Greece's membership of the European Union (as it is now) has influenced the development of Greek labour law significantly. As a result of EU law and policy initiatives in the area of labour market regulation, the procedure of lawmaking changed and permanent institutions, such as the Economic and Social Committee, were created that provided greater space for the development of social dialogue and a partnership approach at national level. During the early 2000s, the National Council of Competitiveness was established to provide a forum for tripartite dialogue on the competitiveness of the Greek economy. A report was published identifying a range of challenges that was signed by both sides of industry. This was seen as a welcome attempt by the Hellenic Federation of Enterprises (SEV, Σύνδεσμος Επιχειρήσεων και Βιομηχανιών) to open up scope for dialogue with unions beyond the issue of wages, to include, for instance, labour productivity and employment (SEV, interview notes). Overall, however, the primary role of the statutory regulation was not reversed in practice and attempts to conclude social pacts failed on a number of occasions.⁶ According to SEV, this was due to the significant internal opposition inside the General Confederation of Greek Workers (GSEE, Γενική Συνομοσπονδία Εργατών Ελλάδας) and the favourable economic climate, which did not provide an impetus for extending dialogue beyond wage issues (SEV, interview notes).⁷

In terms of the approach of the social partners, the strategy adopted by the employers, especially during the 1980s, was one of 'autocratic modernisation', resisting 'policies of economic reconstruction by engaging in an effective investment strike' (Kritsantonis 1998). In the field of industrial relations, there were tentative attempts by some employers' associations to break from collective bargaining, especially in the banking sector, but there was formal support for the national general collective agreement. The trade unions were also experiencing challenges,

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6. See, for instance, the process for amendments in working time legislation, as well as the reform of the social security system at the beginning of the 2000s (Zambarloukou 2006).
 7. The 2008 national collective agreement provided the scope for another forum of a similar nature, but again this did not operate in practice.

especially related to fragmentation, and these were reflected in the low level of trade union density.⁸ However, the control of GSEE by ‘realists’ encouraged a logic of ‘modernisation’ that emphasised ‘social dialogue’ and ‘responsible participation’ at national level (Kritsantonis 1998: 519–20). In general, collective bargaining was relatively stable. During the period 1990–2008, the structure of collective agreements included (on top of the national general collective agreement) around 100 sectoral agreements, 90 occupational level agreements and 150 enterprise level agreements, on average. The number of sectoral agreements in particular remained stable throughout the period, providing some evidence that the sectoral agreements were at the centre of the collective bargaining structure.⁹ However, the absence of a sufficient number of enterprise level unions complicated not only the task of inspecting the implementation of sectoral collective agreements, but also the conclusion of enterprise level collective agreements, which usually contained more favourable provisions for the employees (Tikos 2010).

With regard to the situation in manufacturing, the sector had the highest number of sectoral, occupational and enterprise collective agreements overall: the agreements were predominantly sectoral, although enterprise level collective agreements were also well established (Ioannou and Papadimitriou 2013). The agreements were concluded at sectoral level – for example, metal manufacturing, processed food, dairy products by second-level unions – that is, federations – which represent the relevant first-level unions at sectoral level and are nationwide. Owing to the operation of the extension mechanism, the majority of employees in manufacturing were covered by the relevant multi-employer sectoral agreement. In terms of wage levels, manufacturing had one of the highest increases in real unit labour costs during the period 2000–2008 in Greece (13 per cent increase in the period 2000–2007 compared with

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8. The ICTWSS database (2013) of union membership put union density in Greece in 2011 at 25.4 per cent. Trade unions in Greece operate at three levels: company (occupational, regional or craft unions); secondary level federations and local labour centres; and tertiary level confederations (GSEE and the Supreme Administration of Unions of Civil Servants ADEDY, *Ανώτατη Διοίκηση Ενώσεων Δημοσίων Υπαλλήλων*).
 9. The typical sectoral agreement concerned one main category of employees (and their relevant classification) within a certain sector and not all employees in the sector. The typical occupational agreement concerned a specific occupation in a specific sector and not across sectors. As such, both agreements have common starting points for the determination of their scope of application, which is the classification or occupation. In the sectoral agreements, the occupation/classification is linked to the sector where it is exercised. In the occupational agreements, the classification and especially the occupation is usually cross sectoral and is linked to the system for the determination of occupational rights (Ioannou 2011).

a decrease of 1 per cent in the EU27). In the period 2009–2010, there was a marginal increase of 1 per cent (Ventouris *et al.* 2012).

2. The economic context in the period leading up to the crisis

Greece has traditionally been presented as a ‘mixed market economy’ within the framework of the Varieties of Capitalism approach (Koukiadaki and Kretsos, 2012). Key characteristics of the model include, among other things, the highly influential role of the state as a regulator and producer of goods; a lack of efficient coordination in collective bargaining; numerous domestic veto points that can potentially oppose domestic reform; strong employment protection; and a welfare system that is weak, fragmented, unevenly developed and subject to politicisation and clientelism (Molina and Rhodes 2007). With regard to the Greek system of labour law and industrial relations, it was considered to be predominantly protective of workers. This was a view especially promulgated by international agencies, including the Organisation for Economic Cooperation and Development (OECD), the European Commission and the International Monetary Fund (IMF) (Koukiadaki and Kretsos 2012). Such recommendations by international organisations were on occasion in line with the views of employers at domestic level, and especially that of the largest employers’ association, SEV (Dedousopoulos 2012; Kouzis 2010). In particular, there were two areas in which, according to SEV, the industrial relations framework was challenging: arbitration, where the balance of power had progressively tilted in favour of the employee side, and the ‘domino effect’ that lower level collective agreements had on wage levels, leading in practice to bigger wage increases than those stipulated in the national general collective agreement (SEV, interview notes). This view was shared by the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE, Γενική Συνομοσπονδία Επαγγελματιών Βιοτεχνών Εμπόρων Ελλάδας), as it was deemed that it allowed for inflationary wage increases well beyond the increases stipulated in the national general collective agreement. The GSEVEE representative explained:

For example, the national general agreement stipulated 6 per cent. On that basis, the trade union side was then demanding a 7, 8, 9 per cent increase in the negotiations for the sectoral agreement. When

the employers disagreed, the issue went to mediation and when this failed, an arbitration decision was issued that stipulated an 8 per cent, for instance, wage increase at sectoral level, thus increasing the gap between the wage levels agreed at national general level and those at sectoral level. (GSEVEE, interview notes)

Despite these arguments, it was accepted that the level of labour costs was rather a 'symptom of the increase of available income in the economy in general' than the primary cause of the crisis, and as such any wage reduction would only have a short-term effect on the economy (SEV, interview notes). In relation to the 'domino effect', a former Minister of Labour noted:

Some employers took advantage of the entry of the country in the Eurozone and considered that they could increase their prices, which then led to large increases in a range of products and services and therefore forced unions to demand higher increases in earnings. This took place without any improvements in productivity, however [...] Overall, I do not think that the regulatory framework of industrial relations that existed in the period before the crisis was problematic. But by the time the crisis came and there was a need for internal devaluation to restore our international competitiveness, it became necessary to proceed to reforms. (Former Minister of Labour, interview notes)

Between 2001 and 2007, the Greek economy, after the Irish, was the fastest growing euro-zone economy with an average GDP growth of 3.6 per cent during the period 1994–2008 (IMF 2011). Nonetheless, throughout these years of growth, the country's endemic macroeconomic imbalances and structural flaws were exacerbated by weaknesses in the political and economic systems, including clientelist relationships, high levels of undeclared work and widespread tax evasion (Koukiadaki and Kretsos 2012). Greece's net national saving rate declined steeply between 1974 and 2009 by about 32 percentage points, fuelling the current account deficit and the build-up of a chronically high foreign debt (Katsimi and Moutos 2010). The country was initially not affected by the 2008 crisis, but went into recession in 2009 with its economy vulnerable to the pressure of financial markets. At the onset of the sovereign debt crisis, Greece's budget deficit stood at 13.6 per cent and its external debt at 127 per cent of GDP following upward revisions by

Eurostat for 2006–2009, with significant effects on estimates used in the 2010 and 2011 budgets (Eurostat 2011). Following the lowering of its credit rating and the subsequent rapid increase of credit default swap spreads on Greek sovereign debt in 2010, the Greek government was unable to access international bond markets.

In order to avert a default on its sovereign debts, the Greek government agreed a loan, to be advanced jointly by euro-zone states and the IMF. The loan agreement stipulated the provision of 80 billion euros on the part of the euro-zone states and 30 billion euros on the part of the IMF. In return for this support, it was agreed that the European Commission, the ECB and the IMF – the so-called ‘Troika’ – would prepare and oversee a programme of austerity coupled with liberalisation of the Greek economy. The Greek Ministry of Finance prepared, with the participation of the Troika, a programme for 2010–2013, which was set out in a ‘Memorandum of Economic and Financial Policies’ (MEFP, Ministry of Finance 2010a) and a ‘Memorandum on Specific Economic Policy Conditionality’ (MSEPC, Ministry of Finance 2010b) (the Memoranda). The MEFP outlined the fiscal reforms and structural and income policies that had to be undertaken by Greece. The Memoranda were annexed to Law 3845/2010 on ‘Measures for the Implementation of the support mechanism for the Greek economy by the Eurozone member states and the International Monetary Fund’ and enacted into law by the Greek Parliament on 6 May 2010. On the basis of the measures outlined in the MEFP, the MSEPC set out specific time-limited commitments on a quarterly basis. With regard to the labour market, the reforms outlined in the Memoranda were aimed at lowering public expenditure and creating a more attractive environment for business by cutting public investment and public sector wages, reforming the pension system, downsizing the public sector and privatizing a large section of public sector enterprises and utilities, as well as reducing labour costs in the private sector and reforming the collective bargaining system. Because Greece’s membership of the euro zone precludes currency devaluation, the underlying rationale for introducing the reforms was the need to initiate a process of ‘internal devaluation’ to restore competitiveness.

Despite the adoption of extensive measures in the context of the first loan agreement, problems associated with the worsening of the Greek public finances, a loss of political momentum on the part of the PASOK-led government and the deepening of the crisis in other parts of the euro

zone led to further changes in the reform programme. Following four Troika reviews of the implementation of the programme (September and November 2010, March and June 2011), the Memoranda were revised and updated versions were published by the Greek government. The most important revision of the programme took place on 1 July 2011, when the Parliament adopted Law 3986 on Urgent Measures for the Implementation of the Mid-term Fiscal Strategy Framework.¹⁰ This Mid-term Fiscal Strategy (Ministry of Finance 2011a) introduced new austerity measures with a revised implementation plan and a new time horizon of 2012–2015. Following a further deterioration of Greek public finances, the euro-zone meeting in June 2011 concluded an agreement in principle for a second loan agreement.

In the context of the need to implement the second loan agreement and to ensure the payment of the sixth instalment of the loan, the Memorandum of Understanding (MoU) stated, with regard to the labour market situation: ‘During Q4 2011, the government will launch a dialogue with social partners to examine all labour market parameters that affect the competitiveness of companies and the economy as a whole. The goal is to conclude a national tripartite agreement which addresses the macroeconomic challenges facing Greece, in particular the need to support stronger labour market flexibility, competitiveness, growth, and employment’ (Ministry of Finance 2011b: 17). On the basis that the outcome of the social dialogue (see Section 3) to promote employment and competitiveness ‘fell short of expectations’, the 2012 Memorandum of Understanding on Specific Economic Policy Conditionality (Ministry of Finance 2012a: 25) stated that the ‘government will take measures to foster a rapid adjustment of labour costs to fight unemployment and restore cost competitiveness, ensure the effectiveness of recent labour market reforms, align labour conditions in former state-owned enterprises to those in the rest of the private sector and make working hours more flexible’. To that end, Law 4046/2012¹¹ aimed at accelerating the adoption and implementation of far reaching structural reforms on the basis of a number of commitments undertaken by the Greek government for the disbursement of the second loan.

10. Law 3986/2011 Government Gazette (FEK) 152A/01.07.2011.

11. Law 4046/2012 included as annexes the MEFP, the Memorandum of Understanding on Specific Economic Policy Conditionality and the Technical Memorandum of Understanding (Government Gazette (FEK) 28A/14.02.2012). See also Act 6 of 28 February 2012 of the Ministerial Council (Government Gazette (FEK) 38A/28.02.2012) and the 2012 Guidance by the Ministry of Labour and Social Security 4601/304.

3. Social dialogue and the process for the adoption of the labour market measures

The European Commission's May 2010 programme had called on the Greek government to launch a social pact to 'forge consensus' on a range of issues.¹² But there was no consultation with the social partners over the measures associated with the first loan agreement (Ghellab and Papadakis 2011). The Greek government justified the absence of consultation on the basis that 'it was not possible to accommodate participatory methods when Greece was about to default on its loans' (ILO 2011).¹³ The increasing pressure of the Troika, especially the IMF, for immediate reforms without consultation with the social partners constrained any efforts to reach an agreement with the social partners (former Minister of Labour, interview notes). The absence of dialogue was due to the fact that the Troika considered the social partners part of the problem in Greece but domestically it also reflected the lack of established structures for tripartite social dialogue in the period before the crisis, which hindered the sharing of responsibility between the actors (SEV, interview notes). Some attempts were made later to develop social dialogue and a consensus between the social partners, but the latter were seen by the government as being unprepared to face the challenges arising from the crisis and agree to necessary changes (former Minister of Labour, interview notes).

On the one hand, trade unions did not want to be seen as legitimising government measures that would be unpopular. On the other hand, some employers' associations did not have a particular interest in applying pressure for the introduction of such measures in the labour market

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12. Para 31 of the Economic Adjustment Programme for Greece (European Commission 2010) stated: 'Given the sensitivity of labour market and wage reforms, it was decided to follow a two-step approach after consultation with the authorities (in particular with the Ministry of Labour) and the social partners. Firstly, the government will launch a social pact with social partners to forge consensus on decentralization of wage bargaining (to allow the local level to opt out from the wage increases agreed at the sectoral level), the introduction of sub minima wages for the young and long-term unemployed, the revision of important aspects of firing rules and cost, and the revision of part-time wage setting mechanisms and labour market institutions'. See IMF (2009) where it was suggested that labour market reforms were key to achieve lower unit labour costs and that the government should promote a tripartite social contract between employers, unions and the public sector aiming at 'more cooperative bargaining to favour employment growth over income growth at this time, requiring understandings on wage moderation in return for investment and employment promotion.'
13. It is interesting to add here that the then Prime Minister stopped conducting individual meetings with the heads of the social partners prior to the International Fair of Thessaloniki, a practice upheld until 2011 (GSEVEE, interview notes).

(SEV, interview notes). But there was a split between different employers' associations. SEV has been portrayed as being broadly in favour of the government reforms. The SEV representative noted:

It is true that many of the changes were put down as suggestions by SEV and others many years ago. Most of the changes were included as proposals in a document published by SEV during 1993–1994 and because of this, it is considered that we forced the changes. But this is not true, because if we could have implemented the changes, we would have done it in 1994 and not in 2014. (SEV, interview notes)

The National Confederation of Hellenic Commerce (ESEE, *Ελληνική Συνομοσπονδία Εμπορίου και Επιχειρηματικότητας*) and GSEVEE, which represented the majority of Greek companies (mostly SMEs) were openly critical of the measures. As Ghellab and Papadakis (2011: 88) suggest, the reason may be that 'while the austerity measures appear to benefit large export-led enterprises, SMEs are likely to suffer as direct and indirect taxes increase, consumption goes down and the market in "hot money" dries up' (SEV representative, interview notes).

However, aside from these differences, there was evidence to suggest that certain individual employers, especially large enterprises that were members of SEV, were able to access the Troika directly and lobby for the adoption of specific measures:

Some employers' organisations and predominantly their members had contact with the Troika outside the institutional channels, as they saw the crisis as an opportunity to demolish every rule in the market. We came across this a number of times, especially with members of SEV; in other words there were certain issues that were raised to us but also to the Troika by employers' federations but they in reality were views of certain companies. (former Minister of Labour, interview notes)

On the basis that a return to the social dialogue would improve the chances of buy-in, the Greek government was in favour of a social partners' agreement on the issues identified by the Troika when discussing the measures associated with the second loan agreement. The adoption of measures was a prerequisite for the continuation of negotiations with the Troika and the disbursement of the sixth installment of the first

loan. However, in the case of failure to reach agreement, the government was prepared to introduce the changes via the legislative route. In anticipation of the return of the Troika to Greece at the beginning of 2012, the implementation of the Private Sector Involvement Plan and the conclusion of a second loan agreement, the Greek government held discussions with the employers' associations and trade unions in January 2012 on the range of issues identified in the fifth review. Significant pressure was exerted by the Troika with regard to the freezing of wage increments provided for in the existing national collective labour agreement, the reduction of the minimum wage, especially for unskilled workers, the abolition of the thirteenth and fourteenth salary (that is, payment of an extra month's or two months' salary), and the ending of the 'after-effect' period of collective agreements. A reduction of minimum wage levels to those stipulated in other EU member states facing similar problems – for example, Portugal, where the minimum wage is set at a lower level than that of Greece – was also considered by the Troika as a prerequisite for strengthening the competitiveness of the Greek economy. These arguments were developed in the letter sent to the Greek government, requesting the opening of discussions between the social partners on these topics.

During the discussions, the employers' associations opposed the reduction of minimum wages, as defined by the national general collective agreement, but were in favour of a three-year freeze in wage and maturity increases and the reduction of social insurance contributions. On the other hand, GSEE rejected any change in relation to wage costs and stated that the discussion should focus only on non-wage costs, with the proviso that fiscal equivalents would be found in order to minimise the financial losses of the funds. In February 2012, the social partners came to an agreement and in a letter sent to domestic political actors and EU institutional actors, they outlined their consensus on preserving the thirteenth and fourteenth month wages and minimum wage levels, as stipulated by the national general collective labour agreement, and the maintenance of the 'after-effect' of collective agreements.¹⁴ However, the agreement by the social partners was considered superficial by the government, as it was only a framework agreement and there was

14. Letter from the three employers' organisations and the GSEE to Prime Minister Loukas Papademos (Tvxs.gr 2012). With regard to non-wage costs, the social partners invited the government to negotiate on finding a way to reduce social insurance contributions that could be put on a mandatory, statutory basis. In respect of wage issues, GSEE did not agree to the employers' proposal to freeze pay increases for 2012 and 2013.

a failure to agree subsequently on detailed reforms, including a wage reduction (former Minister of Labour, interview notes). To that end, the statement in the Memorandum (Ministry of Finance 2012a: 25) accompanying the second support mechanism is illustrative:

Given that the outcome of the social dialogue to promote employment and competitiveness fell short of expectations, the Government will take measures to foster a rapid adjustment of labour costs to fight unemployment and restore cost competitiveness, ensure the effectiveness of recent labour market reforms, align labour conditions in former state-owned enterprises to those in the rest of the private sector and make working hours arrangements more flexible.

In this context, the measures included in the second set of Memoranda were introduced, which included – controversially – the reduction via statute of the national minimum wage, leading to the abandonment of the efforts of the social partners to agree domestically on the range of reforms needed (SEV, interview notes). Following these developments, a National Committee for Social Dialogue was set up in September 2012. The Committee, which was tripartite, would provide a forum for the discussion of issues around unemployment measures, the national minimum wage and undeclared labour. However, according to SEV, this attempt failed as GSEE refused to consider the then proposed amendments to the statutory determination of the national minimum wage and not by the national general collective agreement (SEV, interview notes).

In light of the near absence of any form of social dialogue and the fact that the labour market measures have been led predominantly by supranational institutions, trade unions and other civil society associations have developed a ‘legal mobilisation’ strategy at national and supranational level, with mixed results so far. At domestic level, applications for judicial review have been lodged before the Council of State against government decisions that provided for wage and pension cuts. The first case was rejected by the Council of State on the basis, among other things, that reasons of overriding public interest necessitated the loan agreement. Further cases were submitted, the latest one against the measures associated with the second loan agreement.¹⁵ With the exception of the changes in arbitration (see analysis below) and the cuts

15. Decision 668/2012.

in pensions (not examined here), the Council of State has found that most changes are compatible with the Greek Constitution.¹⁶

At international level, the ILO Committee on Freedom of Association in 2012 dealt with a complaint submitted by GSEE, the Supreme Administration of Unions of Civil Servants (ADEDY, Ανώτατη Διοίκηση Ενώσεων Δημοσίων Υπαλλήλων), the General Federation of Employees of the National Electric Power Corporation (GENOP DEI, Γενική Ομοσπονδία Προσωπικού Δημόσιας Επιχείρησης Ηλεκτρισμού), the Greek Federation of Private Employees (OIYE, Ομοσπονδία Ιδιωτικών Υπαλλήλων Ελλάδας) and supported by the International Trade Union Confederation (ITUC), concerning the austerity measures. The Committee found that there were a number of repeated and extensive interventions in free and voluntary collective bargaining and a substantial lack of social dialogue and thus highlighted the need to promote and strengthen the institutional framework for these key fundamental rights.¹⁷ Besides the developments at ILO level, a number of applications have been submitted by Greek trade unions to the European Committee of Social Rights (ECSR). At the end of 2012, the ECSR found that the difference in labour and social protection between older and younger workers, including the introduction of a subminimum wage below the poverty line, and the absence of any dismissal protection during the first year of employment, constitute a violation of the Social Charter. In April 2013, the ECSR also found in favour of trade unions in five more cases, this time concerning restrictions on the benefits available in the national security system. Finally, cases were submitted to the European Court of Human Rights (ECtHR)¹⁸ and the General Court of the European Union (CJEU)¹⁹ but the actions were dismissed.

16. Decision 2307/2014.

17. An ILO High Level Mission (ILO 2011) was also sent to Greece, had extensive meetings with all relevant labour market actors in September 2011 and produced a very interesting report.

18. The Court considered the issue of the reduction of the salaries and pensions of civil servants, which took place with Laws 3833/2010 (Government Gazette (FEK) A 40/15-03-2010), 3845/2010 (Government Gazette (FEK) 65A/06.05.2010) and 3847/2010 (Government Gazette (FEK) A 67/11.5.2010), but dismissed one application as inadmissible (ADEDY) and the other was declared manifestly unfounded. See Koufaki and ADEDY v Greece (No. 57665/12, Decision/Décision 7.5.2013, no. 57657/12, Decision/Décision 7.5.2013). For an analysis of the legal issues, see Koukiadaki (2014).

19. Two applications were submitted by the public sector union in Greece (ADEDY) on the basis that the Council Decisions addressed to Greece violated, among other things, the principle of conferral. The actions were dismissed by the General Court for reasons of lack of standing of the applicants (Case T-541/10, ADEDY and Others v Council, OJ C 26/45, 26.1.2013; Case T-215/11, ADEDY and Others v Council, OJ C 26/45, 26.1.2013).

4. The content of the labour market measures²⁰

4.1 Employment Protection Legislation (EPL)

As indicated above, the labour market measures introduced in compliance with the Memoranda encompassed areas of both individual and collective labour law. In order to promote a competitive climate by increasing labour market flexibility, youth employment and creating new forms of work, Act 3845/2010 outlined the direction of changes in basic areas of individual labour law. These included dismissal compensation, collective redundancies, overtime costs, wages for young workers and flexible forms of employment.²¹ At a first stage and as part of the objective to amend employment protection legislation, Law 3863/2010 'on the new social security system and relevant provisions' facilitated individual and collective dismissals. The amendments in the area of dismissals were in line with the long established demand by associations representing large enterprises for the deregulation of employment protection legislation in Greece (Gavalas 2010: 795). Under Article 75(2) of Law 3863/2010, the notification period for individual dismissals was reduced and as a result of this the compensation for dismissal has also been reduced significantly (up to 50 per cent).²²

In addition, amendments were introduced to collective redundancies, reducing the thresholds for the application of the legislation.²³ In relation to this, further calls by the Troika to remove the right of the public authorities to prohibit collective redundancies were made in 2014. In light of the dominance of SMEs in the Greek economy, further

20. This section is an updated version of the analysis of the legislation provided in Koukiadaki and Kretsos (2012).

21. The Act authorised the Minister of Labour to regulate in these areas through Presidential Decrees. However, due to concerns that trade unions would file complaints with the Council of State against the use of Presidential Decrees, the government introduced the measures via a series laws (Ghellab and Papadakis 2011: 87).

22. Article 75(3) Law 4093/2012 introduced further changes (Law 4093/2012 Government Gazette (FEK) 222A/12.11.2012). The legislation sets a maximum amount of compensation that equals 12 months' wages (in the event of dismissal without notice). Seniority that exceeds 16 years of employment is not taken into account. The maximum period for notice of dismissal is now set at four months.

23. Collective dismissals now take place when they affect, within the period of one month, at least six employees in businesses or undertakings with between 20 and 150 employees, or 5 per cent of the workforce and up to 30 employees in businesses or undertakings with over 150 employees. Further changes were considered, including the abolition of the power of public authorities to prohibit the redundancies, in early 2014 but these were not implemented.

deregulation of the redundancies framework has been seen as masking an attempt to facilitate dismissals at banks and state-owned enterprises (GSEE, interview notes). Following disagreement in the government regarding changes in this area, a decision was issued by the Supreme Labour Council (SLC), which was signed by GSEE on the part of unions and by SEV, GSEVEE and ESEE on the part of the employers.²⁴ As the SLC is not a legislative body, the content of the existing legislation²⁵ has not been amended. As such, the Minister or Prefect still has the power to prohibit or authorise the redundancies where the parties fail to reach an agreement.²⁶ But the SLC decision has defined in clearer terms the content of the documents that the employer is to submit to the SLC for the purpose of authorising the management decision to proceed to redundancies. The agreement has been seen as an effort by the government and the social partners to block Troika attempts to make changes in the legislation on collective redundancies, but on the other hand, the new framework may give more weight to the opinion of the SLC, with the risk that the Minister's authorisation may become a formality. Besides these changes, Article 17(5) of Law 3899/2010 on 'financial and tax measures for the implementation of the programme' increased the probationary period of employment contracts without a time limit from two to 12 months, and as such introduced into the Greek labour market a new form of fixed-term employment contract of one year's duration.²⁷ Managerial prerogative was also reinforced by amendments in the regulation of flexible forms of employment. Law 3899/2010 extended the period of short-time work on the basis of a unilateral decision by the employer from six months, as stipulated in Law 3846/2010, to nine months per year.

The objective of increasing the scope for flexible forms of employment was also clear in the case of Law 3986/2011 on 'Urgent Measures for the Implementation of the Mid-term Fiscal Strategy Framework',

24. The GSEVEE representative stressed that GSEVEE is represented in the SLC by SEV and that the federation (GSEVEE) was not consulted over the changes to the framework. However, the representative expressed the view that the SLC would be more adequate than the Minister/Prefect, as it is a collective body (GSEVEE representative, interview notes).

25. Law 1387/1983 Government Gazette (FEK) 110A/01.08.1983.

26. Under Article 5(3) of Law 1387/1983, if the parties fail to agree and the issue goes to the Prefect or the Minister, they can ask for the opinion of the Labour Ministry Commission, which operates in every prefecture, or the opinion of the SLC, respectively. These bodies, as well as the Minister or the Prefect, can invite the parties to discussions and listen to the views of their representatives, as well as any experts.

27. Law 3899/2010 Government Gazette (FEK) 212 A/17.12.2010.

accompanying Law 3985/2011, which outlined a revised fiscal strategy with a new timeframe (2012–2015). First, amendments were made with regard to the regulation of fixed-term work, including extending the duration of successive fixed-term employment contracts, allowing for successive renewals and expanding the scope of objective reasons for using successive fixed-term contracts. Second, the scope for concluding agreements between employers and unions on working time arrangements at company level was extended. Building on the provisions of Law 3846/2010, ‘associations of persons’ acquired the right, under Article 42(6) of Law 3986/2011, to negotiate working time arrangements. In addition, the Act stipulated new possibilities for determining working time arrangements, including extension of the time period for calculating working time from four to six months and the provision of compensatory time off instead of pecuniary payment for overtime.²⁸ A number of changes were later introduced in the organisation of working time and in payment for excess overtime, including reducing the minimum daily rest period²⁹ and abolishing the employer’s obligation to justify recourse to overtime.³⁰ In terms of working days, Law 4093/2012 provides that a collective agreement may establish a six-day working week for employees of commercial shops. With the objective of promoting youth employment, significant reductions were also introduced in the minimum wage levels of young people aged 15–24. Finally, Law 4093/2012 partly amended the rules regulating temporary agency employment, facilitating the establishment of temporary agencies.

4.2 Wage-setting and collective bargaining

In addition to the changes made to individual labour law, part of the commitment to structural reforms undertaken by the Greek government in response to the first series of Memoranda included legal reforms in the area of wage bargaining, especially at sectoral level, including changes to laws governing asymmetry in arbitration and the automatic extension of sectoral agreements to those not represented in the negotiations (Ministry of Finance 2010c). The call for reforms in this area was based on the Troika’s view that wage setting in Greece over the past decade had not reflected the country’s competitiveness and productivity levels. In

28. Article 42 of Law 3986/2011.

29. Article IA 14 of Law 4093/2012.

30. This type of overtime work may not exceed 2 hours per day and 120 hours per calendar year.

order to ensure wage moderation, legislation was introduced in 2010³¹ providing that arbitration awards issued by OMED would be of no legal effect in so far as they provided for wage increases for 2010 and the first semester of 2011.³² The effects of the three-year wage freeze laid down – as part of incomes policy – in Law 3845/2010 spilled over into the laws governing negotiations on the 2010–2012 national collective agreement, which provided that no increase should be granted for the first 18 months of the three-year period, and stipulated a ‘symbolic’ increase for the following 18 months based on the average euro-zone inflation rate. The increase would be in the order of 1.6 per cent as of July 2012. The agreement received the Troika’s informal approval because at that time it was not considered that wage levels should be reduced but rather frozen (SEV, interview notes).³³

More importantly, extending such legal interventions in wage bargaining via a radical restructuring of the collective bargaining system was identified from the start of the programme as an overriding objective. The priority was ‘to improve productivity and ensure that remuneration was aligned to it. In order to achieve this, Greece was faced with two choices: reduced salaries in the private sector by law or creating a more flexible bargaining system’. The latter option was chosen, a fact which, according to the ILO, showed ‘confidence in collective bargaining’ (ILO 2011: 26).³⁴ With the objective of moving wage setting closer to the company level, Article 2(7) of Law 3845/2010 stipulated that the terms of occupational and enterprise agreements could derogate *in pejus* from the terms of sectoral agreements and even the national general collective agreement; in a similar vein, sectoral agreements could derogate from the national collective agreement. However, following reactions from the social partners, it was agreed to observe the floor of rights laid down by the national general collective agreement; any reductions of wage levels should take place through the introduction of the so-called ‘special

31. Article 51 of Law 3871/2010 on ‘Financial Management and Responsibility’ (Law 3871/2010 Government Gazette (FEK) 152A/01.07.2010).

32. In addition, it was provided that awards for the period 1 July 2011 to 31 December 2012 should limit any wage increases to those stipulated in the general national collective agreement, that is, a percentage increase equal to the average euro-zone inflation rate.

33. But as we shall see, later developments in the context of the loan agreement led to a completely different approach and a nominal reduction of the minimum wage by 22 per cent was introduced by Act of Cabinet.

34. But even this preference for collective bargaining was later abandoned when the Greek government negotiated the conditions for a second loan agreement (see below).

firm-level collective agreements'.³⁵ Such agreements could be signed by an employer who employed fewer than 50 employees and the relevant firm-level trade union or, if there was no such union, by the relevant sectoral trade union or confederation.

In light of the other changes in employment protection legislation, it was anticipated that special firm-level collective agreements would be used as a means to lower wages in exchange for job security.³⁶ The risk of deteriorating labour standards would increase, however, due to the employees' lack of bargaining power at firm level (Katroutgalos 2011). But there were indications that the legislation did not promote such agreements and only 14 were registered with the competent authorities by the summer of 2011.³⁷ Instead, wage reductions and other changes in the terms and conditions of employment were most often the result of agreements with employees on an individual basis, confirming Kazakos's (2010) prediction that if employers could not reach agreement with the employees' representatives, individual negotiations would take place, further increasing the risk of pay insecurity for workers and limiting, in practice, the right to collective bargaining. The Troika, which attributed the lack of take-up of special firm-level collective agreements to the limited number of company-level trade unions in Greece, continued to exert significant pressure for further amendments (European Commission 2011a: 39–40). Following this, Article 37(1) of Law 4024/2011 gave to all firms – including those employing fewer than 50 persons) the capacity to conclude firm-level collective agreements, provided that three-fifths of the employees formed an 'association of persons'.

In addition to these measures, Article 3(5) temporarily suspended – during the application of the Mid-term Fiscal Strategy Framework (that is, until 2015) – the application of the favourability principle in the case of the concurrent implementation of sectoral and firm-level collective agreements. Finally, Article 37(6) temporarily suspended, for the same

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35. A prohibition on extending collective agreements was also considered but as a result of an agreement reached between the employers' associations and the trade unions it was not introduced (see Kazakos 2010). But such a prohibition was later introduced on a temporary basis (see the analysis below).
 36. The GSEE guidance (2011) stressed that even though there is no provision in the legislation concerning the prohibition of dismissals during the application of the agreement, a trade union should require the employer to ensure the maintenance of all jobs during the duration of the agreement.
 37. See the Greek government's response (case document no 5) to collective complaint 65/2011 by GENOP DEI and ADEDY to the European Committee of Social Rights.

period, the extension of sectoral and occupational collective agreements. The priority that is given to firm-level agreements over those concluded at sectoral level, in conjunction with the prohibition on extending agreements, points to significant deregulatory trends in the collective bargaining system, with negative implications not only for workers, but also for employers who are members of the signatory organisations of the sectoral collective agreements, who now face being undercut.³⁸ The representativeness of the ‘association of persons’ in negotiating such agreements is particularly problematic, especially in the context of SMEs, which make up the majority of Greek companies.³⁹ This point was stressed by the ILO High Level Mission report (2011: 59), which stated that:

The High Level Mission understands that associations of persons are not trade unions, nor are they regulated by any of the guarantees necessary for their independence. The High Level Mission is deeply concerned that the conclusion of ‘collective agreements’ in such conditions would have a detrimental impact on collective bargaining and the capacity of the trade union movement to respond to the concerns of its members at all levels, on existing employers’ organisations, and for that matter on any firm basis on which social dialogue may take place in the country in the future.

The changes made to collective labour law were not confined to issues of collective bargaining, but were extended to the adjudication of disputes via mediation and arbitration. These reforms were designed to address the problem of ‘asymmetry’ that was identified by the Troika and involved the unilateral right of trade unions to have recourse to arbitration where they had accepted a proposal from the mediator, which was rejected by the employer.⁴⁰ In this context, Law 3863/2010 made

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- 38.** The position of the Greek government is that ‘the above amendments in the system of ranking of the binding effect of collective agreements do not violate the freedom of collective bargaining, since in any case only the legal representatives of workers at enterprise level have the right to conclude firm-level labour collective agreements’ (Government’s response (case document no 5) to the collective complaint by GENOP DEI and ADEDY to the European Committee of Social Rights: 9)
- 39.** It is important to note here that there is no requirement, under the legislation, for a review of the objectives of ‘associations of persons’.
- 40.** Article 16 of Law 1876/1990. The lack of recourse to arbitration by the latter was introduced as a means of redressing the inequality of bargaining power and guaranteeing the effective functioning of collective bargaining (Kazakos 1998). According to case law, the unilateral right of trade unions is consistent with the provisions of the Greek Constitution and of relevant ILO Conventions, with the proviso that resort to arbitration only take place following the exhaustion of all efforts for a conciliatory resolution of the dispute (Supreme Court decision 25/2004; Council of State 3204/1998; Council of State 4555/1996).

provision for reforming the mediation and arbitration procedure.⁴¹ To that end, Law 3899/2010 amended certain provisions of Law 1876/1990 and redefined the role of OMED. Recourse to arbitration could now take place either through agreement of the parties or unilaterally, under the following conditions:⁴² either party could have resort to arbitration if the other party had refused mediation; and either party could have resort to arbitration immediately after the decision of the mediator was issued. The latter provision extended to both parties a facility that had been available only to workers under the previous law. In addition, the exercise of the right to strike was to be suspended for a 10-day period, starting from the day on which either party resorted to arbitration. In contrast to the previous regime, under which the arbitrator could regulate any aspect of the collective agreement, arbitration was now limited to determining the basic wage and/or the basic salary. Other terms and conditions of employment, such as working time, leave arrangements and compensation, could no longer be regulated on the basis of arbitration awards.

Continuing with the radical restructuring of the collective bargaining system that started in the context of the first loan agreement, the second loan agreement also demanded substantial changes. The changes concerned the length of collective agreements and their ‘after-effect’ or ‘grace’ period. At present, collective agreements can be concluded only for a maximum of three years.⁴³ More importantly, collective agreements that have expired will remain in force for a maximum of three months.⁴⁴ In addition, if a new agreement is not reached, after this period remuneration will revert back to the basic wage stipulated in the expired collective agreement, plus specific allowances (based on seniority, number of children, education and exposure to workplace hazards, but no longer on marriage status) until replaced by a new collective agreement or new or amended individual contracts. Apart from hindering the succession of collective agreements, these amendments further promote individual negotiations between employers and employees. Furthermore, the

41. Articles 73 and 74.

42. Article 16.

43. Article 2(1) of Act 6 of 28.2.2012 of the Ministerial Council.

44. Article 2(3) of Act 6 of 28.2.2012 of the Ministerial Council. The previous regime (Article 9 of Law 1876/1990) stipulated a period of six months and was applicable to newly recruited employees during the six-month period. Concerning the position of newly recruited employees, the guidance from the Ministry of Labour and Social Security (No 4601/304) states that the terms of the collective agreement are applicable only if the conditions of Article 8(2) of Law 1876/1990 are satisfied.

maturity coefficients leading to automatic salary increases based on length of service and tenure that were incorporated in almost all collective agreements (Ioannou 2012b: 213) were frozen until such time as unemployment falls below 10 per cent.⁴⁵

In addition, a radical adjustment of wage floors was required on the ground that this would 'help ensure that as the economy adjusts, and collective bargaining agreements respond, firms and employees do not find themselves bound at a lower limit (and a limit which is very high in international comparison) [...] these measures will permit a decline in the gap in the level of the minimum wage relative to peers (Portugal and Central and South–East Europe)' (Ministry of Finance 2012b: 22). Accordingly, an immediate realignment of the minimum wage level, as determined by the national general collective agreement, was introduced by an Act of Legislative Content, resulting in a 22 per cent cut at all levels, based on seniority, marital status and whether wages were paid daily or monthly.⁴⁶ This became the object of harsh criticism from a variety of social partners, as it directly challenged the parties' freedom to conclude collective agreements and further reduced employees' purchasing power.⁴⁷ The criticisms came predominantly from trade unions and some employers' associations, mainly GSEVEE and ESEE, but not SEV (GSEVEE, interview notes). A freeze in minimum wage levels was also prescribed until the end of the programme period. In addition, legislative intervention in wage levels, in the form of clauses in the law and in collective agreements that provide for automatic wage increases dependent on time – including those based on seniority – were suspended, until such time as unemployment falls below 10 per cent. It has been suggested by both sides that the legislative reduction of minimum wage levels, which were stipulated by the existing national general collective labour agreement, contravenes the constitutionally recognised principle of collective autonomy, that is, the legal capacity of trade unions and employers' associations to determine general working conditions by free negotiation. Consideration was also given to abolishing

45. Act 4046/2012, Article 1(6) and in Ministerial Council Decree 6/2012 Article 4.

46. A further 10 per cent decline for young people, which applies generally without any restrictive conditions (under the age of 25) was stipulated as well, and with respect to apprentices the minimum wage now stands at 68 per cent of the level determined by the national agreement.

47. According to GSEVEE, labour costs before the crisis constituted the eighth or ninth in the competitiveness list of the Greek economy (GSEVEE, interview notes).

the thirteenth and fourteenth wage – provided as an allowance – as in the public sector, but no such change has yet been made.⁴⁸

In order to ‘bring Greece’s minimum wage framework into line with that of comparator countries and allow it to fulfil its basic function of ensuring a uniform safety net for all employees’ (Ministry of Finance 2012b: 22), it was also intended that the government, together with social partners, would prepare a timetable by the end of July 2012 for overhauling the national general collective agreement. The proposal was to replace wage rates set in the national general collective agreement with a statutory minimum wage rate legislated by the government in consultation with social partners. Law 4093/2012,⁴⁹ which was adopted at the end of 2012, provides that a process for fixing statutory minimum wages and salaries for workers employed under private law would be introduced by an Act of the Cabinet by 1 April 2013. Guidelines for determining the minimum wage include: the situation and prospects of the Greek economy, the labour market (rates of unemployment and employment) and the outcome of consultations with representatives of the social partners, as well as specialised scientific bodies. Despite this provision, Law 4093/2012 proceeded to establish minimum salaries and wages, substantially at the same level as Article 1 of Act of Cabinet 6/28.2.2012, which stipulated a decrease of the minimum wage by 22 per cent (and by 32 per cent for those under 25 years of wage).⁵⁰

It is also provided that the minimum wage rates stipulated in Law 4046/2012 should be applicable from the publication of the legislation (12.11.2012) until the ‘expiry of the period of economic adjustment prescribed by the Memoranda of Understanding, which are annexed to

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- 48.** In the past, discussions were held between the two sides to divide the allowances into twelve parts to be distributed each month. However, there was no agreement on this, as employers were concerned about the impact of such monthly wage allowances on social insurance and overtime costs and trade unions were concerned that it would be easier to proceed to wage cuts as the allowances would no longer constitute institutional terms (GSEE, interview notes).
- 49.** Ratification of Mid-term Fiscal Strategy 2013-2016, Urgent Regulations relating to the Implementation of Law 4046/2012 and the Mid-term Fiscal Strategy 2013–2016.
- 50.** The minimum wage currently in force is: (a) 586.08 euros/month for employees over 25 years of age or 26.18 euros/day for workers over 25 years of age; (b) 510.95 euros/month for employees under 25 years of age or 22.83 euros/day for workers under 25 years of age. The above minimum wage is increased with a seniority allowance. This allowance concerns only service until 14 February 2012 and varies according to a person’s status (that is, employee or worker) and age (above or below 25 years of age). Service after 14 February 2012 will not be taken into consideration in calculating seniority allowance. This provision shall remain in force until the unemployment rate in Greece falls below 10 per cent.

Law 4046/2012 and their subsequent amendments'; in other words, the period 2013–2016. The national collective labour agreement continues to regulate non-wage issues, which apply directly to all workers. However, if the agreement also stipulates wage levels, then these are valid only for workers employed by members of the signatory employers' federations. The reforms constitute an unprecedented overhaul of the system of wage determination. The national general collective labour agreement has traditionally been of particular economic and institutional significance, as it has provided a floor of labour rights for employees, while indirectly influencing the terms and conditions of employment specified in sectoral and company-level agreements (GSEE, interview notes). The replacement of collective negotiations with a statutory minimum wage may not only lead to wage cuts, but also further reduce the role of the trade unions in Greek industrial relations (GSEE 2011).

On top of these changes in collective agreements and wage determination, the 2012 reforms abolished the unilateral recourse to arbitration and instead allow requests for arbitration only if both parties consent.⁵¹ Furthermore, arbitration is to be confined solely to determining the basic wage/salary and does not include the introduction of any provisions on bonuses, allowances or other benefits. When considering a request, OMED must take into account economic and financial considerations alongside legal ones.⁵² The elimination of unilateral recourse to arbitration was consistent with SEV's argument that compulsory arbitration should be abolished in order to allow negotiations to be 'better aligned with reality' (ILO 2011: 37). It has to be stressed here that arbitration decisions were the basis for a quarter of occupational and sectoral agreements and for a twentieth of enterprise collective agreements between 1992 and 2008 (Ioannou 2012a: 897).

The changes in the system of collective agreements, described above, and the prerequisite of an agreement between the parties for there to be recourse to arbitration, provide an incentive for employers to object to the conclusion of a collective agreement and to the use of arbitration so as to proceed freely instead to negotiations with individual employees

51. Article 3(1) of Act 6 of 28.2.2012 of the Ministerial Council. It must be noted here that arbitration was very important for the maintenance of sectoral and occupational agreements, as in the period 1995–1990 a quarter of them were settled by means of arbitration (Ioannou 2011).

52. This may be partly due to concerns expressed regarding certain ambiguities regarding Law 3899/2010 (see ILO 2011: 51).

(GSEE 2011). On the part of trade unions, they have two options. The first option is to agree wage reductions or increases ‘freely’ in line with the national general collective agreement in order to maintain the function of the collective agreement as a regulatory instrument. The second option is to have recourse to OMED, in the case of which, although the level of wage increases would be similar to those under a collective agreement, there would be no safeguarding of non-wage provisions (Kapsalis and Triantafyllou 2012: 19).

Preliminary evidence suggests that the first option has been adopted by a number of unions and this has been supported by some employers’ federations (Koukiadaki and Kretsos 2012). For instance, the recent collective agreement in commerce was driven by the National Confederation of Hellenic Commerce’s wish to protect the collective bargaining system, but this was conditional upon significant wage cuts. But with regard to the arbitration system, in a recent decision the Council of State found that the abolition of the right to have unilateral recourse to arbitration and the limitations on the subject matter of the arbitration decision infringed Article 22(2) of the Greek Constitution, which recognises a complementary role for arbitration where collective negotiations fail.⁵³ The decision has already been used by trade unions in order to apply pressure for renewed negotiations for the conclusion of collective agreements at sectoral level.⁵⁴ There is evidence to suggest that the government will amend the legislation in light of the decision, but in such a way so as to strengthen the role of mediation (Salourou 2014).

Lastly, but equally importantly, significant attempts have been/are in the process of being made in order to reduce trade unions’ institutional and financial resources. In this context, the government abolished the Organisation of Labour Housing (OEE Οργανισμός Εργατικής Εστίας) (Articles 1(6) and 2(1) of Law 4046/12). The organisation was important in terms of the resources provided for the trade unions, as the contributions made to it by employers and employees were traditionally used to fund a series of social activities, ranging from social housing and childcare provision to funding of labour centres and trade unions at different levels. Following pressure from the trade unions and reaction

53. Decision 2307/2014.

54. For instance, in July 2014 the Hellenic Union of Radio Technicians (ETER Ένωση Τεχνικών Ελληνικής Ραδιοφωνίας) submitted an application to OMED concerning the conclusion of a sectoral agreement following the refusal of the employers’ federation to negotiate on a voluntary basis.

from the public, the government, which had moved part of the OEE's funds to OAED,⁵⁵ committed itself to continue to distribute the funds, albeit reduced, for trade union activities. More recently, it has been reported that discussions have opened on the renegotiation of Law 1264/1982, which established a number of fundamental trade union freedoms (Kokkalliari 2014). Due to Troika pressures, the objective is to create a new framework for the operation of trade unions, including amending the framework for union funding in order to limit their dependence on the state, merging primary and second-level unions and amending the legislation on industrial action and time off for trade union activities. While recognising the importance of Law 1264/1982, GSEE stresses that it should be implemented in its original spirit and not be misused by unions, as is reportedly the case in certain companies and state-owned enterprises (GSEE, interview notes). At the time of writing, no reforms had been introduced in this area.

4.3 The implications of the labour market measures for the Greek system of collective bargaining

As illustrated in the analysis above, the Greek system of labour law and industrial relations has undergone wide-ranging changes since the beginning of 2010. As a result of the commitments made by the Greek government in the context of the financial assistance that it has received from the IMF and the euro-zone member states, significant interventions have been made with the objective of triggering a process of 'internal devaluation'. In terms of the process for introducing the changes, there was virtually no social dialogue between the government and the social partners. While this confirmed the strong tradition of a culture of state paternalism with regard to industrial relations, it also highlighted the de facto departure from a 'political economy' approach to the crisis (in which dialogue institutions have a role) towards a 'financial-market driven' approach, in which public policy responses depend on the perceived situation in the financial market (Ghellab and Papadakis 2011). The 2011 ILO Report of the High Mission to Greece illustrates the latter point, when it states that the issue of employment was rarely discussed during the consultation between the Greek government and the Troika.

55. Out of the 375 million euros that constituted the contributions to OEE, the government provided OAED with 25 million (POEM, interview notes).

In the context of measures driven by supranational institutions – that is, the Troika – the social partners were unable to develop a joint approach to influence the nature and extent of the measures adopted to counter the crisis. But the absence of social dialogue on the introduction of the measures did not mean that employers' associations or individual members did not have their own views on the measures introduced to limit the extent of the sovereign debt crisis or that they did not influence the direction of the changes (on this, see Koukiadaki and Kretsos 2012). First of all, there was evidence to suggest that individual firms were able to convey their views on the issue of labour market regulations directly to the Troika, essentially bypassing the institutional channels for consultation and influencing the nature and extent of the changes. In terms of the institutional actors on the employers' side, SEV – which represents mostly large undertakings and had been a strong advocate of decentralisation of collective bargaining and labour market flexibility more generally in the period leading to the crisis – has argued that, even though the lack of competitiveness in the labour market was not the root cause of problems facing Greece, it was an important priority (ILO 2011).

However, other employers' associations highlighted the need to protect workers' average incomes, as domestic demand is key to economic growth and development. As a result, employers' federations, which represent SMEs, have criticised a number of changes as likely to reduce consumers' purchasing power and jeopardise the 'cooperative relationship' between their members and their employees (Koukiadaki and Kretsos 2012). For instance, the GSEVEE considered that, instead of improving the competitiveness of the Greek economy, the measures were in reality aimed at providing low wage, but high skilled employees for companies based in northern Europe (GSEVEE, interview notes). Similar views have been expressed by ESEE. In contrast, SETE has attempted to make use of its institutional role to impose changes that are resisted by other employers' organisations (GSEVEE, interview notes). In expressing these views, GSEVEE and ESEE are closer to the approach of the Greek trade unions, which have consistently argued against the measures.

The social partners' different approaches to the crisis can be illustrated by examining the negotiations on the general collective agreement (see analysis below). On the basis that any improvement in working

conditions can now be achieved only through worker mobilisation, Greek industrial relations have become more adversarial.⁵⁶

The lack of any influence of the social partners not only provides evidence for the unilateral character of the changes but also deprived policymakers of information necessary for effective policy design at a time it was most needed, and arguably hindered the chances of maintaining balance in such policies by mitigating their adverse effects on the most vulnerable groups (Ghellab and Papadakis 2011). This is evident when one examines the content of the measures. The changes are manifested in four main pillars of the employment relationship: (a) they challenge the role of full and stable employment and instead promote flexible forms of employment; (b) they promote working time flexibility that is responsive to companies' needs; (c) they mitigate employment protection against dismissal; and (d) they dismantle the system of collective agreements and wage determination. In introducing these changes in the first three pillars, the measures have substantially increased the scope for unilateral decision making on the part of the employer and have undermined support for joint regulation of the terms and conditions of employment, as illustrated by the conversion of contracts from full-time to atypical employment on the basis of unilateral management decision. While the measures in the first three pillars indirectly affect collective bargaining and wage determination, the changes in the fourth pillar have directly altered the landscape of Greek industrial relations. In providing for new forms of representation, suspending the extension mechanisms and suspending the favourability principle, as well as the unilateral recourse to arbitration, it has been suggested that the measures have shifted the balance from joint regulation to state unilateralism (GSEE, interview notes).

Overall, despite the fact that the programme has a fixed duration, the measures seem to be permanent in nature (Koukiadaki and Kretsos 2012). Even in the case of the temporary suspension of the extension of collective agreements until 2015, it is difficult to envisage how there can be a return to the extension mechanism in the future. In terms of their nature, most of the measures are paradigmatic as they lead to changes in the functions of key labour market institutions and practices. The strong state interventionism that permeates all new regulations

56. A study by Katsoridas and Lampousaki (2012) reported that only in 2011, there were in total 445 strikes and work stoppages.

affects the key parameters of collective autonomy and there is evidence to suggest that the scope for labour market deregulation has increased (Koukiadaki and Kretsos 2012). Apart from affecting the scope for joint regulation, the measures imply a fundamental reorientation of the Greek industrial relations system. In contrast to the declared intentions of the Troika and the Greek government, the role of the state has been expanded, to the detriment of collective autonomy, and as a result now occupies an even more central role in regulating employment relations. Hand in hand with the increased prominence of the state's role, the scope for managerial prerogative at workplace level has increased, with significant implications for determination of the terms and conditions of employment.

5. Research methodology of the study

Having outlined the process and substance of labour market measures in the area of collective labour law and industrial relations, our analysis now turns to primary and secondary data on the impact of the measures implemented in response to the crisis on collective bargaining. We critically assess their implications for the role of the state and the social partners, as well as the prospects for continuity or change in the national industrial relations system. Our analysis draws on a number of interviews with national and sectoral interviewees representing the state, employers' associations and trade unions responsible for collective bargaining in the manufacturing sector. In addition, data are analysed from a workshop with 10 trade union representatives at company, sectoral and national level that was held in April 2014 in Athens. These are complemented by a range of case studies in the metal industry and food manufacturing (see Table 1 for details). In total, 10 case studies were conducted. Six case studies were conducted in the metal sector, comprising one large, one medium and four small companies. Four case studies were conducted in the food sector: one large, one medium and two small companies. In all cases (apart from the small companies, where only management were interviewed), interviews were carried out with both management and employee representatives. In total, 24 interviews were conducted. The primary data from the national, sectoral and company levels are complemented by information and data from national and EU surveys.

Table 1 Company case study details

Case studies	Employers' association membership	Workforce size	Trade union presence	Pre-existing industrial relations	Impact of the economic crisis	Collective agreement
Large metal manufacturer	Yes (ENEPEM) ^a	584 employees	Company trade union	Before the crisis, cooperative and formal; during the crisis, adversarial and formal (110 days of strike)	Major	2012 (2+1 years) agreement with pay freeze ^b and no redundancy clause
Medium metal manufacturer	No	155 employees	Company trade union	Initially paternalistic and adversarial (strikes and courts) but now rather cooperative and informal	Some impact in 2007–2008 but no impact since then	2010 collective agreement still informally applies (but with pay freezes)
Small metal manufacturer 1 (silversmith)	Yes (POVAKO) ^c	7 employees	No company-level union	Cooperative and informal	Major	No collective agreement applicable
Small metal manufacturer 2 (silversmith)	No	3 employees	No company-level union	Cooperative and informal	Minimal	No collective agreement applicable
Small metal manufacturer 3 (silversmith)	Yes (POVAKO)	1 employee	No company-level union	Cooperative and informal	Major	No collective agreement applicable
Small metal manufacturer 4 (car)	Yes (EOVEAMM) ^d	2 employees	No company-level union	Cooperative and informal	Major	2013 collective agreement (with pay freeze)
Large food/drinks manufacturer	Yes (SEV)	950 employees	Three site unions	Cooperative and formal	Considerable	2014 collective agreement (with minor pay increase)
Medium food/drinks manufacturer	Yes (SEV)	259 employees	8 company unions for permanent staff plus 3 for seasonal workers	Initially cooperative but now adversarial	Major	2012 collective agreement (with pay freeze)
Small food/drinks manufacturer 1	Yes (SEV)	40 employees	No company-level union	Cooperative and informal	Considerable	No collective agreement applicable
Small food/drinks manufacturer 2	Yes (Federation of Cheese Producers) ^e	10 employees	No company-level union	Adversarial and informal	Considerable	No collective agreement applicable

^a Association of Metal Production and Processing Industries of Piraeus (Ένωση Επιχειρήσεων Παραγωγής και Επεξεργασίας Μετάλλων).

^b The agreement stipulates that the sectoral collective agreement will apply to newly hired employees.

^c Panhellenic Federation of Silver and Goldsmiths, Jewellers and Watchmakers (Πανελλήνια Ομοσπονδία Βιοτεχνών, Αργυρορροχοφώνων, Κοσμηματοπωλών, Ωρολογοποιών).

^d Single Federation of Automobile, Machine and Motorcycle Repair Craftsmen (Ένωση Ομοσπονδία Βιοτεχνών Επισκευαστών Αυτοκινήτων Μηχανημάτων Μοτοσυκλετών).

^e The federation did not conclude any collective agreements before the crisis and does not do so at present either.

6. The economic and industrial relations framework in the manufacturing sector

Before proceeding to assess the impact of the measures on collective bargaining, it is useful to outline here the main characteristics of the manufacturing sector and the overall industrial relations framework in the sector before the crisis. Manufacturing in Greece is relatively small in comparison with the other European countries. In terms of gross value added production, between 2000 and 2010 annual average sectoral growth was only +0.1 per cent compared with +2.2 per cent for total domestic economic activity.⁵⁷ The production of pharmaceutical products, chemicals and basic metals had the highest average annual increase in terms of GPD in the period 2000–2010. However, in terms of contribution to production, the food, beverage and tobacco industries had the highest share, followed by manufacturing of pharmaceuticals and metals. But since 2008, the sector has registered a significant decline of around 1.7 per cent as a result of the crisis. Consequently, there was a decline in its share of GDP by 3 per cent over the period 2000–2010 and it stood at 8.7 per cent in 2010. One of the first sectors to be affected was metal manufacturing. This was because the sector traditionally has international exposure through exports, but at the same time is sensitive to changes in the domestic construction industry (Kathimerini 2009). The food and drinks sector was also significantly affected in terms of sales, gross profits and employment rates. However, it was very small companies with fewer than 10 employees that were mainly affected.⁵⁸ Similar to the rest of the Greek economy, small companies are in a considerable majority in the sector (95 per cent in food and 90 per cent in drinks; Thomaidou 2013).⁵⁹

In terms of employment, manufacturing was one of the sectors with the biggest falls in employment rates during the crisis (see Figure 1 for overall figures on unemployment). This development is part of the long process of deindustrialisation of the Greek economy that started in the 1980s and resulted in an employment share of about 10.7 per cent

57. For an analysis of the developments in the sector before and during the crisis, see Argitis and Nikolaidi (2014).

58. For evidence of this, see the periodic surveys conducted by IME GSEVEE (<http://www.imegsevee.gr/>). Also see Table 2 for a breakdown of companies according to size.

59. Despite the large number of SMEs, it has to be added here that the dominant role in the economy, including in manufacturing, is increasingly played by a small number of large, often foreign-owned enterprises.

in 2010. However, there is also evidence to suggest that the economic crisis accelerated the process of deindustrialisation. Information on company insolvencies since the start of the crisis suggests that the manufacturing sector has been particularly vulnerable: in 2013, 87.1 per cent of manufacturing firms were considered to be at high credit risk and a number of them were already in the process of insolvency (Imerisia 2013). The negative growth in the sector can be explained partly by the ‘austerity’ measures, especially increased taxes and other developments, such as wage and pension cuts. This has led to increased financial burdens and tax obligations for businesses, coupled with reduced purchasing power for consumers, challenges that large companies are in a better position to deal with than SMEs, at least in the short term. Moreover, many tax incentives and/or exemptions that SMEs used to enjoy have been abolished.

In terms of the industrial relations framework, in metal and food and drinks companies the predominant level of collective agreement before the crisis was the sector. However, the wage levels stipulated by the national general collective agreement were decisively affected by the level of wages in all sectoral agreements. In the metal manufacturing sector, a sectoral agreement was traditionally concluded between the Hellenic Federation of Metalworkers and Clerical Staff (POEM, Πανελλήνια Ομοσπονδία Εργατοϋπάλληλων Μετάλλων) and SEV in collaboration with the Association of Metal Processing Companies (ENEPEM). A different agreement was concluded between POEM, SEV and the Federation for the Manufacturing of Car Frames and Bodywork. Data from 2008 suggest that POEM had around 30,000 members (25 per cent of all employees in the sector) and ENEPEM had around 65 members.⁶⁰ During the period 2000–2011, five sectoral agreements of two years’ duration were concluded between POEM and SEV in collaboration with ENEPEM. The last agreement before the start of the crisis (2008–2009) had stipulated a pay increase of 13.76 per cent (Tikos 2010). Separate sectoral collective agreements were concluded between POEM and the employers’ federations representing SMEs in different manufacturing subsectors. In this context, GSEVEE (the cross-sectoral employers’ federation) participated and acted as signatory to the sectoral agreements alongside the sectoral employers’ associations (Panhellenic Federation of Silver and Goldsmiths, Jewellers and Watchmakers (POVAKO)

⁶⁰. At the same time, there were another 85 active companies that were not members of ENEPEM. According to anecdotal evidence, the association had around 38 members in 2014 (Tikos 2010).

and the Single Federation of Automobile, Machine and Motorcycle Repair Craftsmen (EOVEAMM) and the Panhellenic Federation of Craftsmen of Aluminium (POVAS, Πανελλήνια Ομοσπονδία Βιοτεχνών Αλουμινοσιδηροκατασκευαστών). As a result of the participation of GSEVEE in these agreements, a basis was provided for extending the agreement to regions where there was no employer representation at sectoral level (GSEVEE, interview notes). In the case of silver and goldsmiths, a sectoral agreement was concluded between GSEVEE and POVAKO on the side of the employers and POEM on the union side.⁶¹ The agreement covered personnel employed in the production, processing and repair of silver, gold, jewellery and other precious metals and watch repair throughout the country and before the crisis was considered one of the best in terms of pay, as it offered consistently higher levels of wages than the national general collective agreement (POVAKO, interview notes). A separate agreement was concluded covering skilled metal workers and clerical staff of all metal enterprises, as well as workers in the production, processing, assembly, packaging and repair departments of other companies in Greece. The agreement was concluded between GSEVEE, POVAS, EOVEAMM and POEM.

In the food and drinks sector, collective agreements were usually concluded at sectoral level (for example, bakeries, dairy products, drinks). There are a number of second-level trade unions (federations) that are organised on the basis of sub-sectors within manufacturing, resulting in a fragmentation of workers' representation (interview notes). On the part of employees, the Hellenic Federation of Milk, Food and Drinks Workers (Πανελλήνια Ομοσπονδία Εργατοτεχνιτών και Υπαλλήλων Γάλακτος Τροφίμων και Ποτών, referred to as the Federation of Milk, Food and Drinks) has traditionally organised a significant proportion of the workers in the sector; in 2013, it was estimated that around 9,000 employees were members of the federation,⁶² a figure that has risen steadily since 2004. Before the onset of the crisis, the Federation used to be party to four sectoral collective agreements: drinks, dairy products, cheese products and processed food.

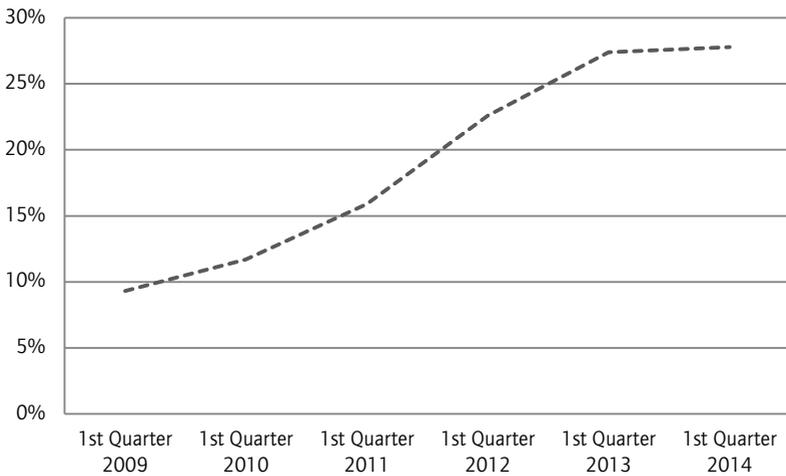
61. At the time of the research, POVAKO had around 1,200 members in Athens and around 30–40 per cent of silver and goldsmiths in Greece were members in 2014 (POVAKO, interview notes). The benefits of membership were questioned by some employers: 'We do not belong to any employers' association, we consider them irrelevant and we do not believe that they have a productive input on employment issues' (small metal 2, interview notes).

62. It covers 30 company trade unions and seven sectoral unions and its density in the food and drinks is lower than the overall density of the union (Georgiadou and Kapsalis 2013).

These agreements provided for different wage increases over the years (ranging from 8 per cent to 17.5 per cent on top of the national minimum wage, as set by the national general collective agreement); the difference was attributed to the different life span of the agreements themselves (Federation of Milk, Food and Drink, interview notes). On the part of the employers, two third-level employers' organisations were parties to the collective agreements in the sector: SEV and GSEVEE.⁶³

Despite the fact that the agreements were concluded by the main employers' federations, the stance of the latter during the negotiations predominantly reflected the interests of sectoral organisations, including the Hellenic Federation of Food Industries (SEVT, Σύνδεσμος Ελληνικών Βιομηχανιών Τροφίμων).

Figure 1 Unemployment levels



Source: ELSTAT (<http://www.statistics.gr/portal/page/portal/ESYE>), Three month surveys of labour force 2009- 2014, authors' analysis.

63. In 2013, it was estimated that GSEVEE had around 10 000 members in the food and drinks industry (Georgiadou and Kapsalis 2013).

It is important to add here that in both the metal and food and drinks industries, there was a tradition of enterprise-level collective agreements before the crisis, notably in large enterprises. Owing to the pre-existing statutory framework, the company-level agreements could not introduce worse terms and conditions of employment than those in the sectoral/occupational level agreements and, in practice, company agreements were used to improve significantly upon the salary levels stipulated in the sectoral/occupational agreements. This was confirmed in all large and medium company case studies that were examined in the project (large food and drinks, medium food and drinks, large metal, medium metal). Moreover, overtime was used before the crisis to prop up wage levels in the sector and contain demands for further wage increases in collective agreements in some large metal manufacturing companies (POEM, interview notes).

7. Implications of the measures implemented in response to the crisis for the process and character of collective bargaining at sectoral and company levels

7.1 State of the national general collective agreement during the crisis

At national level, and as described earlier, the social partners have exhibited a range of approaches to the crisis and the measures implemented in response to it. These differences were clearly illustrated in the negotiations on the national general collective labour agreement (EGSEE) for 2013. Owing to the legal changes in the system of wage determination, this was the first agreement signed by the social partners that would have no effect on the regulation of the minimum wage. After three consecutive meetings, a new agreement was signed on 14 May 2013 by all the social partners except SEV. The GSEVEE representative stressed that the abolition of the *erga omnes* effect of the agreement with regard to wage levels has effectively meant that employers' federations are no longer able to influence wage levels – through negotiations – because if there was any indication of an intention to reinstate the national minimum wage to the pre-crisis level (751 euros), they would suffer significant losses in terms of membership (GSEVEE, interview

notes).⁶⁴ As such, the 2013 agreement did not prescribe any wage levels, as had previously been the case. Despite the legal changes, the social partners, who signed the 2013 agreement, stressed that they recognised the need to maintain the national agreement as an active institution, and to restore its political, social and economic role. In contrast, SEV argued that the agreement had no legal foundation and that it offered no essential benefits for employees and instead proposed the signing of a protocol of agreement by the social partners, arguing that this would strengthen the institutional acquis and lead to a new model of a national agreement, as well as extending the scope of dialogue to include issues of competitiveness (SEV, interview notes).⁶⁵

SEV again became a party to the national general collective agreement in 2014. This change provides some evidence SEV had reconsidered its previous approach to the industrial relations framework (GSEVEE, interview notes) and of an understanding of the adverse impact of non-participation on the employers' organisation itself (GSEE, interview notes). In addition, it reportedly also reflected an understanding of the impact of the measures on the profit levels of SEV members, because the rapid and dramatic reduction of wage levels had also reduced company profits significantly (OVES Ομοσπονδία Βιομηχανικών Εργατοϋπαλληλικών Σωματείων, interview notes). According to SEV, 'the national collective agreement does not introduce anything new, but it restores the institution so that it will be available when diplomatic relations between the two parties are restored and if something changes in terms of legislation' (SEV, interview notes). Indeed, the 2014 collective agreement reaffirmed the intention of the social partners to support the institution of collective bargaining despite the crisis and the restrictive legal framework. The parties to the agreement also made a commitment to implement actions that will help to reduce unemployment and fight undeclared and uninsured work but also actions related to the issues of the 'after-effect' of collective agreements, the restoration of the *erga omnes* effect of the national collective agreement and the extension of collective agreements on the basis of the principle of equal treatment and in order to reduce unfair competition among companies. There is as yet no evidence concerning implementation and effectiveness. Aside from

64. Since the crisis started, one sectoral federation has ceased to be a member of GSEVEE (GSEVEE, interview notes).

65. Despite its abstention from the 2013 agreement, SEV advised its members to maintain the marriage allowance (SEV, interview notes).

these commitments, the national agreement maintained the institutional provisions of the 2013 agreement and for the first time stipulated fathers' right to paternity leave. The reference to the institutional provisions of the 2013 agreement has been interpreted as including the maintenance of the marriage allowance, but there are divergent opinions regarding whether it also covers maturity increases.⁶⁶ In addition, the social partners committed themselves to working together with the ILO, which has set up an office in Greece, to address issues related to the structure of tripartite social dialogue, sectoral collective bargaining, vocational education and training and prohibition of discrimination.⁶⁷

7.2 The state of sectoral collective bargaining during the crisis

At sectoral level, SEV was party to around 60 sectoral and occupational collective agreements until 2010. However, since the measures implemented in response to the crisis, the federation has not signed any collective agreement at this level (SEV, interview notes). The SEV interviewee explained:

The removal of the extension mechanism and the determination of the national minimum wage by legislation have completely changed the framework for collective bargaining; the actors are still confused about how they should behave [...] Sectoral agreements do not currently exist because there is no mandatory extension. Employers are concerned that if they come to an agreement with unions on wages, they will have a competitive disadvantage against smaller firms, which pay less and use undeclared work. Therefore, employers have stopped participating in wage bargaining. And the employee side has also stopped demanding the conclusion of sectoral agreements, because they understand pretty much that there's no way to squeeze anything out of the employers. This is the reason that, despite the gap left by the absence of sectoral agreements, there are very few strikes. And the employee side understands that the greatest threat is that if my members think that we, as SEV, are going to sign an agreement that they do not like, they will just leave the federation so as not to be

66. Although the marriage allowance has a monetary value, employers' associations seem to interpret it as being included in the institutional terms of the agreement (GSEVEE, interview notes). The marriage allowance was abolished by Law 4093/2012, which modified the wage determination system and the maturity increases are now regulated by legislation.

67. Article 1 of the national general collective agreement of 2014.

bound by the agreement. This has been done on a very small scale so far; only two companies and a sectoral associate member have ceased to be members of SEV. (SEV, interview notes)

On top of this, the measures taken with regard to the arbitration system (including the abolition of unilateral recourse) have significantly reduced the scope for concluding sectoral agreements. Even in the case of mediation, where a decision may be reached only if both sides agree, there is evidence to suggest that employers' federations are not willing to participate in the process. The GSEVEE interviewee explained: 'Unfortunately, there has been a change of culture and the logic that prevails among sectoral employers says that "now that we are on top, let's be the boss"' (GSEVEE, interview notes). On the union side, they are in defensive mode and 'seek ways to remain in existence following the measures implemented, which significantly curtail the scope for collective bargaining and collective action' (GSEE, interview notes). Where there is a risk of significant wage reductions, the issue of concluding a collective agreement is in some cases of secondary importance for employees and unions alike, as efforts are directed primarily against job losses and wage reductions (POEM, interview notes). Where this is not the case, trade unions have sought to maintain the tradition of sectoral and company-level agreements, albeit with varying success.

Developments with regard to the sectoral agreement for the metal manufacturing sector illustrate the implications of the crisis and the measures taken in response to it for the process and character of collective bargaining in Greece. In 2010, there was a wage freeze because of the lack of agreement on increases at sectoral level on the part of the employers, for both 2010 and 2011. Following failed attempts to conclude an agreement, an arbitration decision was issued for the period 2011–2012. The decision, which followed Article 51 of Law 3871/2010, stipulated a 1.6 per cent increase for the basic wages and daily rates for 2010 (equal to the percentage of annual change of the European inflation rate for 2010) and a respective increase for 2011.⁶⁸ The arbitration decision was valid until July 2013 but would be applicable, including the 'after-effect' period, until October 2013. ENEPEM filed a

68. Since 2010, it is not national inflation that is taken into account during the collective bargaining rounds and in the collective agreements, but the average euro-area inflation ('euro area inflation' is the rate of annual average change, compared with the previous year, of the Harmonized Index of Consumer Prices in the Eurozone, as announced by Eurostat).

lawsuit on 17 November 2011 before the First Instance Court of Piraeus, requesting the annulment of the award of 18/2011 OMED concerning their pay and working conditions for the years 2010, 2011 and 2012. The Court dismissed the employers' request, thus recognising the legitimacy of the arbitration award.⁶⁹ When the 'after-effect' period of the sectoral agreement in metal manufacturing expired, the parties to the agreement started negotiations on a new agreement. During the initial discussions, the employers suggested wage reductions of 22 per cent, which were rejected by the trade union and subsequently no agreement was reached. According to trade unions in the sector, SEV has advised its member federations not to conclude any sectoral collective agreements. In this context, the local trade union in the metal manufacturing sector in the Attica region has implemented a policy of promoting the conclusion of collective agreements in different companies, albeit with varying success (local trade union, interview notes).

Similar to the situation described above, there have been significant changes in collective bargaining for the conclusion of a sectoral agreement covering employees in silver and goldsmith manufacturing. Up to 2010, both sides had managed to achieve the conclusion of the sectoral agreement. However, the last (2011) sectoral agreement to be implemented was the result of an arbitration decision, which stipulated an increase of 1 per cent as of July 2011 and a further increase for 2012 on the basis of annual European inflation rate for 2011. Despite the fact that the agreement was the result of an arbitration decision, it was stressed that both sides had already reached common ground in advance of the arbitration stage (POVAKO, interview notes). However, in light of the 2012 changes in collective labour law and following pressure from its members, who were in favour of the new national minimum wage levels, POVAKO withdrew its support for the 2012 agreement. The POVAKO representative explained:

When the recession kicked in, we went to the negotiations with POEM and asked for a wage reduction of 10–15 per cent from the previous sectoral agreement. This was on the basis that similar reductions had already taken place in other sectors affected by the crisis, including commerce and hotels and catering. In response, POEM suggested a pay freeze and since we did not agree, they had recourse to OMED. But we decided not to attend the meeting, as we were concerned that

69. Court of First Instance of Peiraias, Decision 5701/2012.

any decision made would be against the interests of our members. (POVAKO, interview notes)

In contrast to these cases, a sectoral collective agreement was concluded between the employer federations representing SMEs (GSEVEE, EOVEAMM and POVAS) in metal (engaged in metal production, processing, repair, assembly and packaging in automotive, machine and motorcycle repair) and POEM. The sectoral agreement was concluded in a context of a significant decline in demand (35 per cent in 2011, 60 per cent in 2012 and 72 per cent in 2013) (EOVEAMM, interview notes).

The agreement provided that the wage levels and terms and conditions of employment that were stipulated under the 2010 agreement would continue to apply for another year, that is, until 15 May 2014, as determined on 14 February 2013 (for a comparative summary of collective agreements concluded by GSEVEE, EOVEAMM, POVAS and POEM between 2008–2014, see Table 3 below). According to the union representative in the sector, the conclusion of an agreement is explained by the fact that employers in SMEs are closely dependent on the few individuals they employ. Therefore, it made sense to maintain the collective agreement, even at the levels of 2010, especially because there are no company trade unions in SMEs and thus everything depends on whether there is a sectoral agreement or not (POEM, interview notes). This was confirmed by the EOVEAMM representative: ‘We respect the employees because we rely on them and not only on capital to do the job’ (EOVEAMM, interview notes).

In the food and drinks sector, the first agreement to be concluded during the crisis was in 2009. At that time, the signs of the crisis were still minimal and thus negotiations for the sectoral agreements were held in the summer of 2009. While the employers’ association had suggested a pay freeze on the basis of the economic slowdown, a 5.5 per cent wage increase was finally agreed, as demanded by the trade union federation. It is important to note that both sides came to an agreement following worker mobilisation on two occasions. The union representative noted: ‘We have always found that efforts to conclude a collective agreement always require conflict. We have traditionally avoided the route of mediation and arbitration, as we believe that workers need to have an awareness of how they should act’ (Federation of Milk, Food and Drink, interview notes). No collective agreement has been concluded since the

2009 round, however. According to one employers' federation, SEVT, the differences centre around wage issues but also institutional ones (SEVT, interview notes). The union representative explained:

There have been many rounds of negotiation and of worker mobilisation but the employers have been armed by the new legislation and maintain a very tough stance on the basis that the economic crisis has affected them considerably. In cases where the union movement is not strong enough, the employers are rejective from the outset. In cases in which the union movement still has power, they understand that this can cause them problems and sit down at the negotiation table, but pose significant obstacles. (Federation of Milk, Food and Drink, interview notes)

The latter state of affairs has pertained to sectoral bargaining on drinks. The employers have argued for a division of the agreement into three separate ones – for water, for soft drinks and for beer. In this context, another development that has influenced the employers' stance is competition on the basis of wage costs. The union representative explained:

Where there are company unions, they either conclude agreements that maintain the wage level or even if a new agreement is not concluded, the employment terms are still the same to some extent. But where no unions are present, employees are at the mercy of the employer. It is these companies that influence developments, because other firms (with unions) cannot reduce wages to 586 euros because of the union reaction and decide instead not to sign up to the sectoral agreement, as way to weaken the employees' resolve. (Federation of Milk, Food and Drinks, interview notes)

Table 2 Company case study details

Date of signature	Duration	Wage issues	Working time	Overtime	Productivity or other bonuses	Benefits	Other conditions	Length of agreement
24/06/2008	2 years 01/01/2008– 31/12/2009	– 3% increase since 1/1/2008 – 3.5% increase since 1/9/2008 – 3% increase since 1/1/2009 – 3.5% increase since 1/9/2009 – compensation issues: regulated by the EGSSE	– 5 days 40 hours – Shipyards: 5 days 37.5 hours – Cast fittings 5 hours/day – Holidays: regulated by the EGSSE	– Cast fittings over 5 hours: 1/5 wage +50% – for travel exceeding 60 km: Journey time from and to the company is considered – overnight: 100% increase of daily wage	– For extreme working conditions: ½ lit milk daily per worker – 2 work overalls annually – 1 pair of shoes for those working in damp conditions – 1 jacket for those working outside – gloves, glasses, helmets as in previous collective agreement	– Three-year allowance: 6% for the first 9 years; 4% for the next 9 years (5% for welders) – 10% marriage allowance – unhealthy allowance: 10%, 12%, 15%, 20%, 25% depending on position – 5%: 10 years with the same employer allowance – 15% progression – 20% for managers and supervisors of foremen – Automatic or semi-automatic electrical welding equipment with argon-arcair: 1 Beuro per day of at least 5 hours	+ 2 days paid leave monthly for: president, vice secretary, primary secondary and site trade union, board members of IKA, OAEI, TAPEM, AOEK + trade union leave according to Act 1264/82.	19 pages
16/10/2010	3 years 01/01/2010– 31/12/2012	– Pay freeze until 31/08/2011 – Since 1/9/2011 0.5% increase of 2010 euro area inflation – Since 1/9/2012 0.5% increase of 2011 euro area inflation	As above: collective agreement 2008–2009	As above: collective agreement 2008–2009	As above: collective agreement 2008–2009	– Three-year allowance: 6% for the first 9 years; 4% for the next 12 years (5% for welders) – All other allowances as above: collective agreement 2008–2009		19 pages
17/06/2013	1 year 16/05/2013– 15/05/2014	– Pay freeze in wages as formed in 14/02/2013	No change	No change	No change	No change in allowances set in 14/02/13 (without the stipulated increases and maturities of the agreement above)	No change	1 page

Source: Ministry of Labour and Social Security, authors' analysis.

In one large food and drinks case study, which was presented as a 'best practice' company, the management expressed support for a new enterprise agreement on the proviso that the unions were modest in their demands (large food and drinks, manager interview notes). However, evidence from our small case studies suggests that the conclusion of a collective agreement may be irrelevant for a large number of companies that are not members of the relevant employers' associations (see Tables 1 and 2).

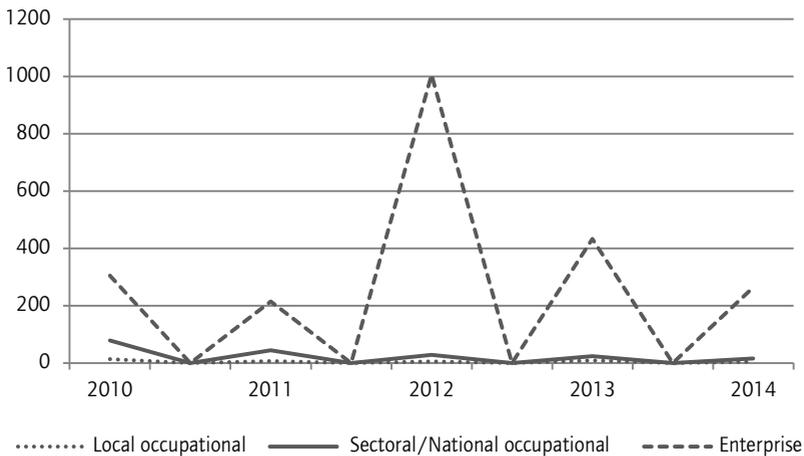
7.3 Bargaining decentralisation, individual negotiations and the use of 'associations of persons'

Empirical evidence so far suggests that there has been a rapid decentralisation of collective bargaining at enterprise level and a simultaneous decline of collective bargaining coverage on the basis of sectoral and occupational collective agreements. In the period 2010–2011, 521 collective agreements were concluded in total. Out of these, 397 were enterprise-level agreements, 103 sectoral and national occupational and 21 local occupational, with the largest number of agreements being concluded in 2010. In 2012, 976 enterprise collective agreements were submitted (in contrast to 170 in 2011 and 227 in 2010). The largest number of these agreements (72.3 per cent) were concluded by 'associations of persons', while only 17.7 per cent were concluded by company-level unions. A total of 9.9 per cent were concluded by first-level sectoral unions and one agreement (0.1 per cent) by a second-level sectoral union. In contrast, only 23 sectoral and national occupational agreements and six local occupational agreements were concluded in 2012. The number of higher level agreements (sectoral, national and local occupational) was further reduced in 2013, with 14 sectoral and occupational agreements and 10 local occupational being concluded. Instead, 409 enterprise collective agreements were submitted during the same year (2013). Finally, during 2014 there were (until 12 November 2014) only 12 sectoral agreements, five occupational and 247 enterprise-level agreements (see Figure 2 below). The manufacturing sector has the highest percentage of enterprise-level agreements throughout 2012, 2013 and 2014, with 34.3 per cent in 2012, 32.2 per cent in 2013 and 30 per cent by September 2014 (Ioannou and Papadimitriou 2014; Ministry of Labour and Social Security database, authors' analysis).

While the use of company-level agreements to respond to the crisis was considered positive by SEV, it was also noted that there were concerns

in terms of the rapid increase of such agreements in a context of limited training and cognitive resources that would enable managers – especially in small companies – to respond to the new landscape (SEV, interview notes). In this context, the representativeness of ‘associations of persons’ has been called into question by GSEE, which on the basis of their research argue that around 85–90 per cent of these groups are employer-led (GSEE, interview notes). A number of examples were reported by interviewees. In the case of metal manufacturing, trade unions reported that management, in some cases, misrepresented the number of employees so as to proceed to the formation of ‘associations of persons’ among employees that were close to management (local trade union, interview notes). A trade union representative in the food and drinks sector also reported the following case: In a well-known company, the employer forced the employees to sign a blank piece of paper. Those that refused were dismissed. After a couple of days, he presented an association of persons, which agreed to wage reductions ranging from 25 to 47 per cent. Since then, 90 per cent of the staff has been dismissed and the employees have been replaced with the ones paid at a lower rate (Federation of Milk, Food and Drinks, interview notes).

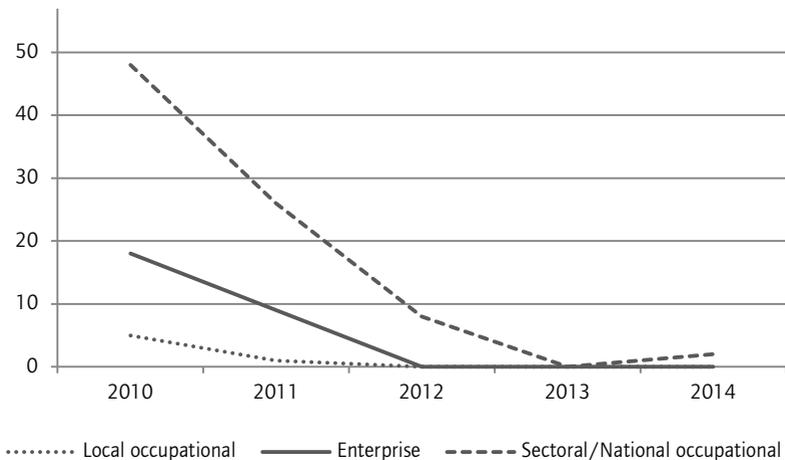
Figure 2 Collective agreements, Greece, 2010–2014



Ministry of Labour and Social Security, authors' analysis.

It was also reported that in a number of companies a widely available template for a company-level agreement with an association of persons has been used (POEM, interview notes). At the same time, there is some evidence to suggest that the economic crisis has prompted an increase in the establishment of new company and sectoral trade unions for the purpose of mobilising the workers against employers' attempts to use the crisis and legislation to reduce terms and conditions of employment (Federation of Milk, Food and Drinks, medium metal union, interviews' notes). With respect to arbitration (see figure 3), during 2010–2011, 74 applications were submitted, which subsequently led to the issuing of 74 agreements. However, the majority of these applications (48) had been submitted in 2010, with only 26 in 2011. In addition, most of the applications concerned sectoral and national occupational agreements (47 out of 74). In 2012, the number of arbitration decisions was reduced further, falling to a mere eight at national, sectoral and occupational levels, while during 2013 there was no arbitration decisions at all. In 2014 and following the decision by the Council of State concerning the constitutionality of the measures in arbitration, two arbitration decisions were reached concerning the conclusion and amendment of a single sectoral collective agreement concerning the employment of technicians at Greek Radio (Ministry of Labour and Social Security, application to the OMED by ETER on 26/6/2014).

Figure 3 Arbitration decisions, 2010–2014



Source: Ministry of Labour and Social Security, authors' analysis.

A further change that has been observed concerns the parties' negotiating approach. While in the period 1992–2008 the negotiations were driven by the employee side and were intended to maintain and improve the terms and conditions of employment, recent evidence suggests that now the employers are showing an increased willingness to accelerate the process for renouncing existing collective agreements (see also Ioannou and Papadimitriou 2013). The reasons for this include the legislative institutional changes, the approach and scope for disassociation from the existing collective agreements framework, the abolition of unilateral recourse to arbitration and the desire to reduce wages.

Despite the lack of renewal of collective agreements at sectoral level, there is company case study evidence to suggest that management continued to respect the expired agreements tacitly, though only with regard to existing and not newly recruited employees (for example, large food and drinks, medium metal, management interview notes). Evidence of trade-offs at company level was also provided in some cases. An interesting example was found in medium food and drinks, where the union relied on the suspension of two company sites in order to persuade management to sit down at the negotiation table for the 2014 company-level agreement. The move towards decentralised bargaining was welcomed by some employers in small companies (for example, small food and drink 1 and small metal 3, interviews' notes); this was on the basis that the previous framework for sectoral bargaining was extremely constraining. But evidence from the case studies suggests that even where small companies have more than five employees, they have preferred to use the individual negotiation route rather than the formation of associations of persons (small metal 1, interview notes). According to SEV, medium enterprises have also used mostly individual negotiations rather than enterprise-level agreements in order to reduce wage levels (SEV, interview notes). But for some companies, it was recognised that any use of individual negotiations would lead to 'a state of war', as both employees and employers may not be able to manage the transition well (medium food and drinks manager, interview notes). However, the scope for individual negotiations between employer and employee has brought about a shift of power to the employer. The GSEVEE interview noted:

In order to form an association of persons, you need at least five people. But in small companies, the average number of employees is 2.1–2.2. This means that you have to enter into individual negotiations. And

then it all depends on how you [the employer] see the employee, do you see him as a colleague or do you see him as someone that takes your money? (GSEVEE, interview notes).

In terms of the character of collective bargaining, there are significant differences between different levels. As the GSEE interviewee explained, the employers' associations at national level – including SEV – have adopted a cooperative/consensual approach in order to maintain their standing but also their existence; however, at sectoral and company level the character of bargaining is predominantly antagonistic and adversarial (GSEE, interview notes). To illustrate this, the trade union federation in the metal manufacturing sector had organised 23 strikes, on top of those organised at national level. However, their effectiveness was questioned by some unions due to the lack of impact on the employer (POEM, interview notes). A distinctive element of the industrial action in the metal manufacturing sector was the duration of the strikes. In one company case study, the industrial action lasted seven months and was stopped only as a result of a court decision that declared the action unlawful. In the food and drinks sector, a change in the character of bargaining was also reported at company level, with evidence of increasing pressure from the employers, even in companies with well-established bargaining structures, and of increasing work stress for employees, who are concerned about the stability of their employment (OVES and Federation of Milk, Food and Drinks, interviews' notes). Instances of trade union victimisation were also reported (local trade union in metal manufacturing, interview notes). Besides, the inability of both sides to reach agreement meant that use was made of the arbitration process (for example, medium food and drinks). Of course, this was possible only until 2012, when unilateral recourse to arbitration was abolished, but it was hoped that the amendments of the legislation following the decision of the Council of State would again equip unions with recourse to arbitration even when the employer refuses to do so (medium food and drinks, union interview notes).

The rise of adversarialism in the sector was attributed both to the emergence of the economic crisis and the introduction of labour market measures and was evident even in cases in which management and unions described their relationships as very good. For instance, in the large metal case study, the employees locked the management board in the company buildings in order to put pressure on them regarding the delays in wage

payments. But there was no instance of complete breakdown of dialogue between the two sides and even in cases in which industrial action or other forms of worker mobilisation were undertaken (for example, metal 1), these did not seem to damage overall relations between the parties. On the trade union side, there was evidence to suggest that trade unions in the same region and sector had regular meetings in order to exchange information on bargaining approaches and developments at company level (medium metal, manager interview notes). There was also evidence of regular communication and coordination of activities and strategies between different site unions within the same company (for example, large and medium food and drinks, interview notes). But from a resource point of view, it is important to stress here that company-level trade union representatives, as well as some representatives at federation/labour centre level, do not receive paid leave for their trade union activities,⁷⁰ which limits their scope for developing capabilities to represent their members adequately (medium metal, union interview notes).

8. Implications of the measures implemented in response to the crisis for the content and outcome of collective bargaining at sectoral and company level⁷¹

8.1 Collective bargaining and wage levels

Empirical evidence from the OMED study reveals that in manufacturing there have been some instances in which the parties failed to replace existing agreements with new ones; in cases where an agreement was reached, its content was less prescriptive than those of previous years. In terms of wage levels, significant wage reduction has been driven by the increase in enterprise agreements in 2012: 19 per cent of agreements stipulated wage reductions, 47.8 per cent adjusted wages to the level of the national agreement, 16.1 per cent maintained existing wages and only 0.7 per cent introduced wage increases. The agreements concluded by 'associations of persons' are the main mechanism for adjusting wages to the levels of the national agreement (65.4 per cent of enterprise agreements with associations of persons do this in contrast to 3.5 per cent

70. Law 1264/82, Articles 17, 18 and Law 2224/1994 (Law 2224/1994 Government Gazette (FEK) 112A/ 06.07.1994) Article 6.

71. See Tables 3 and 4 for a summary of the changes at company level.

of agreements with company unions). In the newly concluded enterprise agreements, 73.3 per cent stipulate wage reductions in contrast to 17.7 per cent of pre-existing agreements. Interestingly, there is some degree of wage stability in the manufacturing sector (36.1 per cent in contrast to 3.7 per cent in commerce and 1 per cent in hotels and catering; Ioannou and Papadimitriou 2013).

Interestingly, there has been a change in wage bargaining patterns at sectoral and occupational level since the start of the crisis. As reported in the OMED study (Ioannou and Papadimitriou 2013), in 2012 one out of two higher-level agreements stipulated wage reductions and only one out of four retained the existing wage levels. In 2013, one out of three stipulated wage cuts, one out of three retained the same wage levels and one out of ten introduced wage increases. In 2014, six out of ten retain the same wage levels and two out of ten introduced wage increases (Ioannou and Papadimitriou 2014). Similarly, changes have been reported with regard to enterprise level agreements: up to 2012, these were used primarily to drive down wages to the levels of the minimum wage set by the national general agreement but since 2013 the dominant trend has been that of wage stability. In manufacturing, the report indicates that the rate of agreements that kept wages at the same levels increased from 36.1 per cent in 2012 to 58.1 per cent in 2014. At the same time, there was a reduction of those agreements stipulating the wage levels of the national general agreement (from 33.7 per cent in 2012 to 11.3 per cent in 2014) and an increase of those stipulating the statutory minimum wage (from 0.3 per cent in 2012 to 6.5 per cent in 2014; Ioannou and Papadimitriou 2014).

Evidence from the interviews confirmed that most agreements introduced wage cuts in an effort to reduce costs more generally, with some even reducing wages down to the level of the now statutory minimum wage (Federation of Milk, Food and Drinks, interview notes). On the part of the unions, they have declined to conclude enterprise level agreements stipulating wage cuts, as these would then constitute a contractual basis for further wage cuts (union representative in metal, interview notes).

There has been a differentiation between large, medium and small companies. In large enterprises, the cuts mainly affected the variable part of wages (including compensation for overtime, for instance) and certain wage components outside legislation or collective agreements

(including bonus payments and fringe benefits, such as company cars), which constituted nonetheless an important element of the remuneration package. Only 2–5 per cent of large enterprises reduced wage levels as such. The reduced rate of significant wage reductions in large (mostly multinational) companies was attributed to the better profits of such companies, as well as the strategic decisions of management to adopt a policy of ‘good practice’ for reasons of reputation and brand (medium metal, union interview notes). There has been a higher number of medium sized enterprises that have reduced wage levels and have proceeded to dismissals; in such cases, the wage reductions have taken place predominantly through individual agreements, as the practice of enterprise agreements was not widespread in such cases before the crisis (SEV, interview notes). According to SEV, the problem in the case of individual agreements is that they have been also used by small enterprises to lower nominal wages and make up the difference without declaring it to the tax authorities. This then creates distortions in the market because small enterprises can agree to wage cuts more easily, while this is not possible in the case of large enterprises (SEV, interview notes).

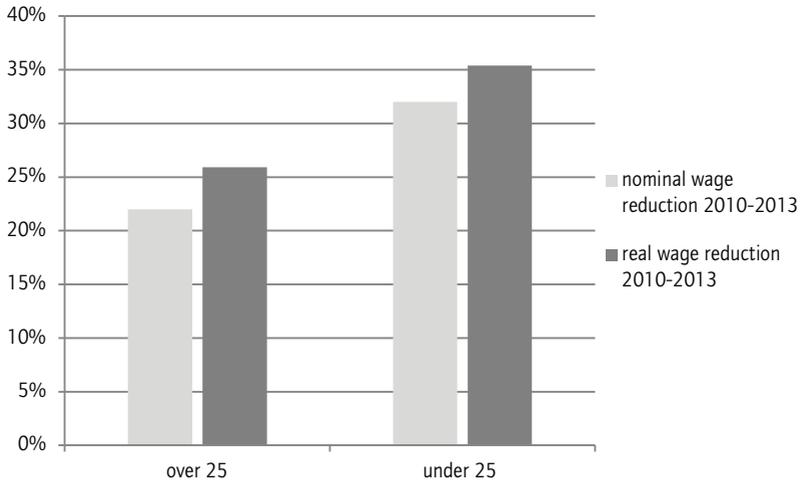
The practice of additional, undeclared payments to reduce employers’ social security contributions and employees’ tax contributions, which have increased significantly since the onset of the crisis, was confirmed by other interviewees (GSEVEE and POVAKO, interview notes) as well.⁷² The POVAKO representative explained that this was mostly the case in micro companies with one or two employees, and that in those with more employees, employers have tended to proceed to wage reductions of around 20 per cent, the use of atypical employment (part-time work especially) and the implementation of dismissals (POVAKO, interview notes). In the SMEs in metal (automotive), there have also been dismissals, prompted primarily by the inability of the owners to pay the higher social security contributions (EOVEAMM, interview notes). Further, a number of employers in small companies (5–20 employees) reportedly pay the national minimum wage into employees’ bank accounts and employees hand back to the employer part of their salary, which can be up to 100–150 euros (OVES, interview notes).

72. This evidence is in line with the findings of a recent study by Eurofound, which reported an increase in undeclared work (Broughton 2014).

The phenomenon of undeclared payments was confirmed in some of the case studies in micro but also small companies (for example, small food and drinks 1):

The Troika facilitated my business in this way: it told me that I could legally pay someone 580 euros. So, in formal terms, I declare that I pay them 580 euros and as such my tax and social security costs have decreased. But in reality, I continue paying my employees 1,000 euros [...] Most of our competitors do the same, so it would be a problem for us if we did not act similarly. (Small metal 1, interview notes)⁷³

Figure 4 Nominal and real wage reductions, 2010–2013



Source: INEGSEE (2014b) Report on the Greek economy and employment in 2014, Enimerosi, September (<http://www.inegsee.gr/wp-content/uploads/2014/10/ENHMEROSH-SEPTEMBRIOS-2014.pdf>).

Further, there is significant evidence of delays in the payment of wages (GSEVEE, interview notes). According to a report by INE GSEE concerning 2010–2013, around 850,000 employees (predominantly in services and very small companies) were unpaid for periods up to 12 months (INE GSEE 2013). The phenomenon on non-payment was described by a union representative as an ‘internal form of borrowing

73. The same practice was taking place in small metal 2.

by firms' (Federation of Milk, Food and Drinks, interview notes). In one of the case studies in the metal sector, employees had experienced two incidences of non-payment of wages: the first one lasted for eight months and the second, which took place during the research, had already being going on for four months, with the employees receiving only part of their wages (large metal, union interview notes).

In metal manufacturing, which has been affected significantly by the crisis, some companies did not implement the last wage increase provided for in the sectoral agreement following the arbitration decision and proceeded instead to wage reductions of around 15–20 per cent (for examples, see Table 3).⁷⁴ But in some of our case studies, wages remained at the levels stipulated in the last sectoral collective agreement of 2011 (for examples, see Table 4). A variety of company considerations were evident behind the rationale to freeze wage levels. In metal 1, the company agreement that was concluded in 2011 for two (plus one) years stipulated a pay freeze and a policy of no compulsory redundancies, despite the fact that the company had already experienced a significant decrease in demand. In metal 2, where wages were also frozen, the manager stressed that it would be unacceptable to reduce wages since the company was recording profits (medium metal manager, interview notes). In the large food and drinks case study, the decision to maintain the wage levels was attributed to the strategic priorities of the company (large food and drinks, manager interview notes). But, according to GSEE, the number of agreements that stipulate pay freezes are rare and are considered a success in the current economic context (trade unions, interview notes).

74. A particular situation arose in one of the case studies in the food and drinks sector (medium food and drinks). Because the company's main shareholder was a state-owned bank, the legislation applicable to terms and conditions of employment in the wider public sector became applicable. Law 3899/2011 on 'Urgent measures to implement a programme to support the Greek economy' first led to wage cuts of 10 per cent for employees earning above 1,800 euros per month. Later, Law 4024/2011 provided that the average cost of all types of remuneration, benefits and compensation should not be above 1,900 euros and should not exceed 65 per cent of the average costs of the enterprise, as determined on 31 December 2009.

Table 3 Examples of collectively agreed wage levels in metal manufacturing

Company	Management rationale (as stated in the agreement)	Collectively agreed wage levels	Employee representative body
Chalvourgia of Greece	Economic crisis in Greece, reduction of construction work (90.9% in total, 2008–2012), company losses	<ul style="list-style-type: none"> – 2012–2013: 1.8% wage reduction – Amendment 07-08/2013: 1.4% reduction on wages of 30/06/13 – Amendment 09-10/2013: 1.4% reduction on wages of 30/06/13 – Amendment 11-12/2013 & 01-02/2014: 12.5% reduction on wages of 30/06/13 – Amendment and extension 03-05/2014: 12.5% reduction on wages of 30/06/13 – Amendment and extension 06-09/2014: 12% reduction on wages of 30/06/13 – Amendment and extension 10-12/2014 & 01/2015: 12% reduction on wages of 30/06/13* 	Site-level trade union (Volos)
Sidenor	No reference	01/06/13–30/05/15: 15% wage reduction**	Site-level trade union (Thessaloniki)
Chalvourgiki	No reference	01/07/13–31/12/14: <ul style="list-style-type: none"> – Reduction of 10% on wages up to 1000 euros – Reduction of 1.5% on wages up to 1500 euros – Reduction of 12% on wages up to 2000 euros – Reduction of 12.5% on wages up to 2500 euros – Reduction of 13% on wages over 2500 euros – Abolition of Easter and Christmas allowances*** 	Site-level trade union of Eleusina (Attica)
Shipyards of Salamina/ New Greek Shipyards	No reference	30/04/12–31/12/2013: <ul style="list-style-type: none"> – Reduction of wages to the levels set by the EGSEE + 10% allowance 07/05/14–31/12/15: <ul style="list-style-type: none"> – Reduction of wages to the levels set by the EGSEE + 10% allowance 	Association of persons
Shipyards Lamda	Status of Greek economy, limited business activities, need to ensure workforce rights	24/05/13–24/05/16: <ul style="list-style-type: none"> – Reduction of wages to the levels set by the EGSEE + 10% allowance for married employees and blue-collar workers 	Association of persons

Notes: * All reductions concern gross remuneration over 1,100 euros including overtime. ** Reductions concern gross remuneration over 1,100 euros without overtime. Condition of the agreement: No dismissals during the collective agreement's period of validity. *** February 2014: 95 per cent of workforce on temporary layoff. Source: Ministry of Labour and Social Security, authors' analysis.

While wages have been frozen at the pre-crisis levels in some companies, there was also evidence of maintaining wages for existing workers and applying the lower minimum wage level – with a preference for young workers – when recruiting. This was applied even in cases in which the company was making a profit (medium metal, large food and drinks, union interviews' notes). Apart from using the national minimum wage level for determining wage levels for new workers, management in such cases has also refused to provide other allowances, such as maturity allowance, to such employees, thereby significantly increasing the wage gap between new and old employees (large food and drinks, union interview notes). The union representative stressed:

Management thinks that we [union] will not engage in a conflict with management over the new employees because we are concerned that this may lead to our terms and conditions being worsened as well. Our effort is now to incorporate these new employees in the collective agreement for existing employees. Once the employer has made some profit and the new workers learn their job, we will argue for the incorporation of these workers. By that time, we hope that supportive case law will also emerge from domestic and European courts and it will be easier to argue our case. (Medium metal, union interview notes)⁷⁵

There were also some cases in the metal industry of marginal wage increases of around 1–2 per cent. This occurred when companies experienced increased exports; in the unions' view, this proves that labour costs are not a hindrance to export activity (POEM, interview notes). Similarly, there was a case in the food and drinks sector in which marginal wage increases for low-wage employees were agreed between the company trade unions and management. In the view of the union representative, this was made possible owing to the pre-existing structure for dialogue between the two sides and the strategic use of technical expertise and legislative resources by the union (large food and drinks, union interview notes).

75. But in the absence of a provision in the collective agreement that specifies it, the employer does not have the right to apply the collective agreement to only a section of the workforce (Article 8(3) of Law 1876/1990).

Table 4 Examples of changes in terms and conditions of employment in the company case studies

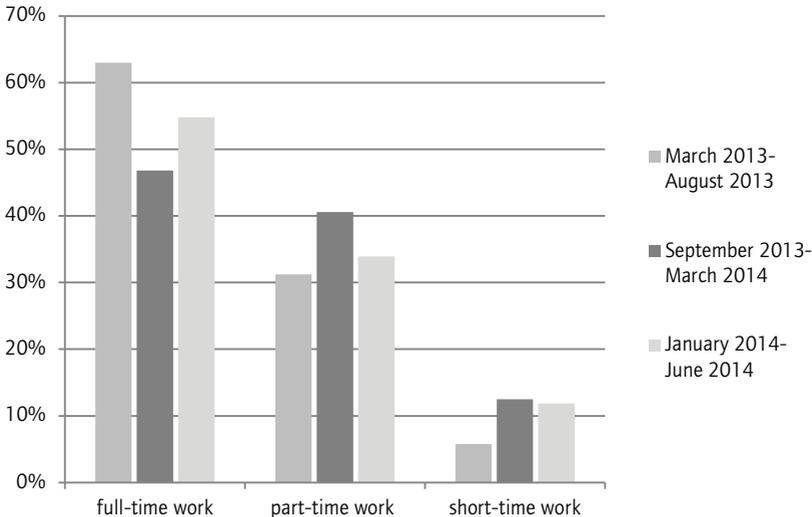
Case studies	Wage issues	Working time issues	Workforce issues	Other issues
Large metal manufacturer	<ul style="list-style-type: none"> - Delays in salary payment of 2–3 months - Reduction of salary in the case of (70) senior managers 	<ul style="list-style-type: none"> - Reduction of overtime during shift work by 30 minutes - Stricter monitoring of employment to reduce recourse to overtime 	<ul style="list-style-type: none"> - No replacement of 356 posts that became vacant due to retirement 	<ul style="list-style-type: none"> - Application to be subject to Article 99 of the pre-insolvency proceedings - Abolition of benefits related to social activities, for example, theatre tickets - Abolition of support for employees' social security contributions
Medium metal manufacturer	<ul style="list-style-type: none"> - Application of pay freezes to existing employees - Recruitment of new employees on the basis of the national minimum wage (586 euros) - Recruitment of new young employees on the basis of the national minimum wage for workers under 24 (511 euros) 	No change	<ul style="list-style-type: none"> - Outsourcing of cleaning and security services 	<ul style="list-style-type: none"> - Lack of security personnel
Small metal manufacturer 1 (silversmith)	<ul style="list-style-type: none"> - Pay freeze - Nominal decrease to the national minimum wage 	<ul style="list-style-type: none"> - Introduction of intermittent working time instead of continuous 	<ul style="list-style-type: none"> - Recruitment of two employees - Bogus dismissals instead of resignations 	
Small metal manufacturer 2 (silversmith)	<ul style="list-style-type: none"> - Pay freeze - Nominal decrease to the national minimum wage 	No change	<ul style="list-style-type: none"> - Dismissal of three employees (from 4 to 1) 	<ul style="list-style-type: none"> - Undeclared and informal employment by family members (2 pensioners)
Small metal manufacturer 3 (silversmith)	<ul style="list-style-type: none"> - Pay freeze - Nominal decrease to the national minimum wage 	No change	No change	No change

Case studies	Wage issues	Working time issues	Workforce issues	Other issues
Small metal manufacturer 4 (car repairing)	No change	No change	– Dismissal of two employees (from 3 to 1)	– Undeclared and informal employment of one pensioner on a daily basis
Large food/drinks manufacturer	– Pay freeze in the case of highly paid existing employees and small pay increase in the case of existing low-wage employees – Abolition of payment for unhealthy work – Abolition of maturity provisions – Recruitment of new employees on low wages (application of the national minimum wage)	– 90% reduction of overtime	– Personnel reduction by 30% as a result of retirement and no replacement with new staff – Outsourcing of a number of departments – Reduction in dismissal compensation	– Suspension for two years of the annual Halloween social event
Medium food/drinks manufacturer	– 30% wage reductions since 2009 – Wage reduction of seasonal workers to the national minimum wage level plus benefits	– Reduction of duration of seasonal work (from 8 to 3 months)	– Suspension of the operation of two (out of three) sites – Voluntary transfer of employees from the two sites, whose operation was suspended, to the third one in a different city	No change
Small food/drinks manufacturer 1	– Wage reduction to the national minimum wage levels	No change	– Reduction of workforce from 16 to 6 (case of animal feedstuff manufacturing)	No change
Small food/drinks manufacturer 2	– Pay freeze – Nominal decrease to the national minimum wage levels – Application of the national minimum wage in the case of seasonal workers	– four-hour working day in the case of seasonal workers	– 10 dismissals (no replacement)	No change

8.2 Collective bargaining, restructuring and working time flexibility

Preliminary evidence suggests that the employment protection legislation measures applied in conjunction with the deepening of the crisis have substantially affected the employment landscape in Greece. Data from the Hellenic Labour Inspectorate SEPE (Ministry of Labour 2012) indicate significant changes in the nature of employment contracts and consequently in wage levels (see Figure 5). In terms of new contracts, the 2012 data suggested that there had been a 18.42 per cent reduction of full-time contracts, an increase of 3.61 per cent in part-time contracts and a decrease of 3.93 per cent in short-time contracts.⁷⁶ Overall, the percentage of part-time and short-time contracts was 45 per cent of total new contracts. Importantly, there was a 53.12 per cent increase in the conversion of full-time contracts into other forms of atypical employment in 2012 (from 2011).

Figure 5 Types of employment, 2013–2014



Source: INE GSEE (2014a) Enimerosi, April–May 2014, <http://www.inegsee.gr/wp-content/uploads/2014/07/ENHMEROSH-APRILIOS-2014.pdf>

76. However, the decrease in short-time working contracts was based on 2011 figures.

There was a 12.29 per cent increase in the conversion of full-time to short-time contracts on the basis of an agreement with the employees and a 80.36 per cent increase in such conversions on the basis of unilateral management decisions.

Evidence from the interviews confirmed the use of different forms of labour market 'flexibility', including one-day employment contracts and the conclusion of an employment contract while at the same time accepting the dismissal terms outlined by the employer (OVES, interview notes). Another reported practice was temporary work agencies posting employees to other EU or non-EU countries to perform work on lower wages than those of the host-country employees (POEM, interview notes). Short-time working was also used in some of the case studies (for example, large, medium and small 1 food and drinks): this was limited mainly to seasonal staff and the wage levels were those stipulated by legislation (national minimum wage). Evidence of increased use of outsourcing during the crisis was also provided in some of the case studies (large food and drinks, large and medium metal). In large food and drinks, the manager explained: 'No company divests itself of its managerial prerogative, as provided by the legislation, and nor do we. But the way, we engaged in outsourcing through consultation and dialogue' (large food and drinks, manager interview notes). In metal manufacturing, there were union reports of management abolishing demarcation rules in order to use employees in areas outside their expertise (POEM, interview notes).

In food and drinks, the trade union federation referred to cases of large companies that imposed collective redundancies and then filled up the vacant posts with temporary agency workers and/or outsourced company functions, leading to a significant worsening of health and safety and disparities between permanent and temporary/outsourced employees (Federation of Milk, Food and Drinks, interview notes). Using individual negotiations, companies have also concluded bogus part-time/short-time working contracts, under which employees receive pro-rata payments but work full-time in practice, providing them with wages of only around 300 euros (gross). In a well-known case of a Greek food company, management introduced a four-day short-time working scheme shortly after the expiry of the collective agreement, leading to a 20 per cent wage reduction. Evidence was provided of a disproportionate impact of the crisis on temporary/seasonal workers (see Table 5). In

the medium food and drinks case study, management reduced working hours significantly, as well as the duration of fixed-term contracts (medium food and drinks, interview notes).

Table 5 Examples of two successive recruitments of seasonal workers by the medium food and drink manufacturer

Date of signature	Time	Wage
27/06/2012	27/06/2012 until the end of the year's production cycle and no more than five months	51.9 euros a day (according to the sectoral collective agreement)
15/07/2013	15/07/2013 until the end of the year's production cycle and no more than three months	40.05 euros a day (according to the national general collective agreement)

In terms of working time flexibility and, especially, the use of annualised working hours, there was no resort to the new possibilities provided by the legislation in any of the companies studied. Interestingly, no consideration at all was given to introducing such schemes by management, indicating – arguably – a management approach that does not tend to rely on such forms of firm flexibility. In terms of overtime pay, there was evidence that payments above the statutory rate – between 25 per cent and 35 per cent on top of the statutory minimum – in some cases have remained (large and medium metal, large food and drinks, union interviews' notes). In the case of the large metal company, it was attributed to the management approach that viewed good employment relations as a competitive advantage (large metal, management interview notes). However, as noted above, overtime was reduced in a number of cases due to the economic downturn.

Although there was no use of annualisation of working hours, there were changes in working time practices in some case studies. This was the case, for instance, in the large metal case study, where the start and end times of the evening shift were amended, at the management's initiative, but following an agreement with the union (large metal, management interview notes). A different example was given by a union representative at a white goods company:

Under the previous management, the workforce was subjected to short-time working and other forms of flexible working. When this was done

in consultation with the union, we used to give way because we believed that the company had real problems. But under the new management, we have developed a different approach and we request information on the company's financial situation every month and agree to changes only if we see that profits have fallen. This means that the employer cannot use the crisis to reduce terms and conditions of employment but it also means that we keep our jobs in times of economic downturn. (company union, interview notes)

Since the beginning of the crisis, a number of companies in both the metal and food and drink sectors have undergone significant restructuring, involving in most cases collective redundancies. However, the extent of union involvement has been limited. For instance, in medium food and drink, management decided to suspend the operation of two sites but no adequate time was provided to the union to respond to the management plans (medium food and drinks, manager interview notes). In this context, some companies have made use of Article 99 of the Insolvency Code (Law 3588/2007). The procedure allows companies to appeal to the courts of first instance to request protection and facilitate interaction with their creditors in order to enable restructuring efforts to try to avoid insolvency. Under the previous regime, all employee claims from the previous two years before the insolvency and dismissal compensation demands (irrespective of when they were made) were treated preferentially. Under the current regime, the preferential demands of employees are limited by a quarter, that is, one semester before the insolvency. At the same time, the interest on these demands is excluded from being treated in a preferential way and the amount that employee can request is at most half of the company's distributable equity. At the beginning of 2013, it was reported that around 550 companies had applied for Article 99 procedures during 2011 and 2012 (Eleftheros Typos 2013). Trade unions stressed that Article 99 of the Insolvency Code has been used in a number of cases by employers seeking to avoid criminal and civil liability for running large debts on their of social security and tax contributions. Among our case studies, the large metal company was the only one that had applied to be included in the pre-insolvency proceedings of Article 99. The application was prompted by long delays in payments for contracted work for the state. In June 2012, the company came to an agreement with the creditors who represented 62 per cent of the total debt of the company and this was successfully submitted for approval to the court of first instance. The agreement

included a survival plan that was premised on the outstanding payments for work for the state and private clients. But, according to management, the company did not request any 'haircut' on the employees' demands (large metal, management interview notes). This was confirmed by employee representatives, as well as the fact that they were still treated as preferential creditors (large metal, union interview notes).

It can be argued that overall the developments described above have been facilitated by the increased scope for managerial prerogative that provides the basis for amendments by unilateral employer decision. As such, the measures have resulted in a reduction in the scope for joint regulation between the social partners or even between the employer and individual employees. Apart from the implications for collective bargaining, they also have an impact on the quality of working life. One employer noted: 'On many occasions, employees are willing to water down their demands in order to keep their job in a country where unemployment is almost 30 per cent' (small food and drinks 1, interview notes). According to OVES, there are now three categories of employees:

The first is those employed by multinationals: these, who are few, are well paid and the wage reductions that have been introduced range from 10–20 per cent. The second category is those being paid around 700–800 euros, who may work at the same company for many years. The third and worst-off category is those who unfortunately are paid below the national general collective agreement. These employees are not only victims of the employers but also of the senior managers, who in order to preserve their salaries, threaten lower level employees with dismissals, if they do not agree to wage reductions. (OVES, interview notes)

9. General trends concerning the Greek collective bargaining system

Our analysis mapped the developments in Greece's collective bargaining system from the start of the crisis (2009) until 2014, paying particular attention to the process, character, content and outcomes of collective bargaining. The starting point was the labour market measures that accompanied the two loan agreements provided to Greece. As discussed above, the measures introduced wide-ranging and radical changes in

the regulation of collective bargaining. As such, they had the potential to unsettle pre-existing practices of social dialogue and bargaining and drastically affect the operation of key labour market institutions. In this context, it is important to stress that the pre-crisis landscape of collective bargaining was characterised by high bargaining coverage, average coordination levels both vertically (across different levels) and horizontally (across different sectors and regions) with sectoral bargaining being prevalent in all sectors, including in manufacturing.

Against this background, collective bargaining in Greece has undergone profound change during the crisis years. In contrast to other countries, most of the developments have not been the continuation of long-term trends that began before the economic crisis, but rather the result of the introduction of crisis-related measures aimed rather clearly at deconstructing the multi-level structure of the bargaining system. In terms of the bargaining process, one of the most obvious findings was the drop in the overall volume of bargaining at higher levels, as the parties found it difficult to agree in the absence of legal institutional incentives, which in the past persuaded them to achieve consensus. Where agreements were concluded, their length was substantially reduced, following the limitations imposed by legislation that stipulates a maximum of three years. The sharp reduction of higher-level bargaining was coupled with a strong trend towards bargaining decentralisation at company level. The process was driven primarily by the crisis-related measures and developments. These included, most notably: the suspension of the ‘favourability principle’, which opened up scope for effectively allowing lower level collective agreements to deviate *in pejus* from higher level agreements; and the use of ‘associations of persons’, which were introduced often in companies with no established company bargaining practice as a vehicle to drive down wages. Because overall these developments since 2010 have been led by the state – by intervening in the legislative framework for collective bargaining – and by employers’ associations – which have defected from multi-employer bargaining arrangements – it is accurate to describe this process as a form of ‘disorganised decentralisation’ rather than ‘organised decentralisation’. Multi-employer bargaining arrangements at (inter-) sectoral level are thus increasingly being replaced by single-employer bargaining as the dominant mode of determining wages and terms and conditions (Traxler 1995). A corollary of this is that collective bargaining coverage has also fallen significantly, i.e. from 85% in 2008 to 40% in 2013 (European Commission, 2014: 29).

In terms of material outcomes of bargaining, empirical evidence points to significant changes in wage levels. By transferring national minimum wage determination outside the sphere of collective bargaining and by reducing the regulatory capacity of sectoral agreements, the measures succeeded in limiting the ‘domino effect’ of the collective bargaining system on wage levels, an effect seen as problematic by some of the social partners (e.g. SEV). In cases in which enterprise-level collective agreements were used before the crisis to improve upon higher level collective agreements, they sometimes served during the crisis as a means to maintain a floor on terms and conditions of employment; this was, though, mostly the case where strong trade union coordination existed and relationships between management and employees were considered good. But at the same time, there was evidence of trade unions’ inability to protect newly recruited employees, thus leading to the creation of a two-tier workforce in terms of wage levels and other benefits. A number of rather extreme situations came also to light with regard to wage reductions via collective agreements, including the conclusion of six agreements modifying wage levels in less than two years in Chalyvourgia Volou (see above Table 3). On the management side, there were concerns about a knock-on effect of such measures on industrial peace and cooperation with the unions (where these were organised effectively). A further concern arose out of the growth of an informal economy in the form of undeclared payments made to employees of SMEs in particular, from which trade union structures have traditionally been absent. Besides these findings, there was evidence of workers’ choices being reduced; for instance, atypical employment – in the form of part-time, fixed-term work – has been accepted involuntarily in the context of rising unemployment.

More broadly, the crisis-related measures have significantly affected both the position of employers and unions in the industrial relations system and their relations with each other and the state. On the employer side, the differences between SEV and employers’ federations representing SMEs were stark in the study, with a number of interviewees from the latter criticising SEV for promoting changes that are detrimental to SMEs for the benefit of large companies. At the same time, there has also been divergence in trade union approaches. On the one hand, GSEE has adopted a policy of participating in social dialogue processes with a view to influencing the nature and extent of labour market policies; on the other hand, PAME (Πανεργατικό Αγωνιστικό Μέτωπο) considers

that the trade union movement should consolidate in order to promote, through conflict and not through dialogue, the demands of the working class. But overall, there was a consensus that the role of trade unions at all levels – national, sectoral and company – has been significantly discredited as a result of the measures. Additional measures that, if adopted, would test further the unions' organisational capacity were under consideration, at the time of writing, and included the removal of legal/institutional support for trade union activities and the introduction of the right of employers to lock workers out.

The implications of the crisis-related measures for the role of the state are equally significant. In the context of reduced scope for collective bargaining, the state has entrenched its central role in unilaterally determining wage levels and other terms and conditions of employment. Empirical evidence confirms that the strong state interventionism that permeates all new legislation has indeed affected the key parameters of collective autonomy; this includes, most notably, the inter-sectoral level, where the status of the agreement and implicitly the role of unions and employers' associations have been progressively reduced. As a result of these developments, the Greek industrial relations system is reverting from the 1990s model of promoting collective autonomy and free collective bargaining (which was led by the adoption of Law 1876/1990) to a state- and employer-controlled system of bargaining. However, the increased role of the state is set against a context of significantly constrained resources putting at risk the effective monitoring and enforcement of labour standards and extensive intervention by supranational institutions affecting the substance of policy decision-making at domestic level. From the perspective of the employers, it is uncertain whether the organisational and cognitive resources available to them are sufficient to deal with the changing landscape of industrial relations, especially at company level.

Overall, there is evidence to suggest that the crisis-related measures are so far leading Greece onto a different institutional trajectory, one that is closer to the model of single-employer bargaining of the UK and the majority of Central and Eastern European countries. The extent to which this will be further entrenched is dependent on the future developments at both supranational and domestic levels. The reversal of this regulatory trajectory requires first a change in the approach of the institutions involved in the economic adjustment programmes,

i.e. Troika, away from a policy of ‘regulated austerity’ (Deakin and Koukiadaki 2013) to a policy of supporting the operation of multi-level bargaining systems. At the domestic level, there is consensus by all the main industrial relations actors on the need to re-start the process of social dialogue and bargaining. At the time of writing, GSEVEE’s main thesis was that the pre-crisis system of collective bargaining should be reinstated, including the provision of adequate collective autonomy to the social partners to regulate terms and conditions of employment, but also a safeguarding of the universal extension of collective agreements and their ‘after-effect’. Importantly, this should not include, according to GSEVEE, the immediate restoration by the state of pre-crisis wage levels, which should be left to the social partners to determine through negotiations in (GSEVEE, interview notes). The re-instatement of the previous regime of bargaining is supported by both GSEE and sectoral trade unions, such as POEM. However, SEV does not seem to endorse this and has argued that the determination of wages and other terms and conditions of employment should take place primarily at company level, allowing management to adopt a tailored approach depending on economic circumstances (SEV, interview notes). In this context, the new government led by SYRIZA (Συνασπισμός Ριζοσπαστικής Αριστεράς) has announced a series of measures designed to reverse some of these trends. These include the restoration of collective bargaining, new provisions on the extension of collective agreements and the after-effect period, as well as new measures on arbitration. But two questions remain: can and will these changes be implemented against a context of resistance by supranational institutions; and if yes, how will the measures play out in a context of a collective bargaining system that is on the brink of collapse?

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